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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number 333-184948

Heatwurx, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-1539785**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

6041 South Syracuse Way, Suite 315
Greenwood Village, CO 80111
(Address of principal executive offices and Zip Code)

(303) 532-1641
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. YES [ ] NO [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act YES [ ] NO [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES [ ] NO [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [ ] NO [X]

The aggregate market value of common units held by non-affiliates of the registrant on June 30, 2013 was approximately $4,592,000. As of March 27, 2014, the number of the registrant's common shares outstanding was 8,271,398.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report 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 report, 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 report, 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 assume no obligation to update any such forward-looking statements.

Undue reliance should not be placed on any forward-looking statement, each of which applies only as of the date of this report. Before investing in our securities, investors should be aware that the occurrence of the events described in the section entitled "**Risk Factors**" and elsewhere in this report 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 report to conform our statements to actual results or changed expectations.

PART I

ITEM 1. Business

Overview

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 350° and 400° 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 calendar year 2014 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. We currently operate in one business segment.

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 350º to 400° 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

Company History

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.

Competitive Environment

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.

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.

In general, the competitive environment for asphalt patching and repair is fragmented. Numerous entities including contractors, municipalities and others provide services to repair roads. However, there are a number of generally accepted methods of repairing and patching asphalt that our process competes against which are listed below under, “Examples of Asphalt Repair and Patching Techniques”.

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, gravel, 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.

Intellectual Property

We currently have three issued U.S. patents: two utility patents and one design patent. We have four pending U.S. patent applications.

Our two issued utility patents, US Patent Nos. 8,562,247 and 8,556,536, were issued in October 2013 and cover certain unique device aspects of our asphalt repair equipment. Our design patent, US Patent No. D700,633, was issued in March 2014 and covers the ornamental design of our asphalt processor.

We have received a notice of allowance from the US Patent and Trademark Office ("USPTO") on a third utility patent covering certain unique method aspects of our asphalt repair equipment. We anticipate issuance of this patent in June 2014.

Our patent application, entitled, "System and Method for Sending and Managing Pothole Location and Pothole Characteristics" was filed in January 2013; no substantive action has been received from the USPTO.

Our patent application, entitled, "System and Method for Controlling an Asphalt Repair Apparatus" was filed in February 2013; the USPTO rejected the application based on prior art referenced by the examiner. Our response to the rejection is due by March 20, 2014. We expect to file a response which argues that the invention as claimed is patentable over the cited prior art.

Our patent application, entitled, "Asphalt Brick Device and Method of Making Same" was filed in June 2013; no substantive action has been received from the USPTO.

We intend to develop other technologies for which we will seek patent protection. In addition, we have made and expect to continue to make certain international filings to attempt to protect our intellectual property rights in a limited number of countries outside of the United States. 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 do not believe our ability to operate our business is 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.

As part of our sales operations, we hire drivers with Commercial Driver's Licenses (CDL's) to transport our asphalt repair equipment across the country to demonstrate the effectiveness of our equipment to potential clients. As such, we are a motor carrier subject to regulation by the U.S. Department of Transportation (DOT) and the Federal Motor Carrier Safety Administration (FMCSA), and certain business is also subject to state rules and regulations. The DOT periodically conducts reviews and audits to ensure our compliance with federal safety requirements, and we report certain accident and other information to the DOT. Our operations into and out of Canada is subject to regulation by those countries.

In 2011, the FMCSA amended the hours-of-service ("HOS") safety requirements for commercial truck drivers. The remaining provisions of the HOS Final Rule became effective July 1, 2013. While we continue to evaluate and adjust to the impact of the Final Rule on various segments of our operations, we do not anticipate a negative impact on our operations or productivity.

In 2011, the FMCSA published a Notice of Proposed Rulemaking to require currently logging drivers to complete their logs using an Electronic On-Board Recorder ("EOBR"). The final rule regarding this proposal is expected to be published in the first quarter of 2014. Since the issuance of this proposal, we have been reviewing our small fleet and are developing a plan to replace any legacy on-board recording equipment within our fleet. We do not anticipate a negative impact on our operations or productivity.

In 2013, the FMCSA, in conjunction with the National Highway Traffic Safety Administration, submitted a Notice of Proposed Rulemaking to require the installation of speed-limiting devices on heavy trucks. The final rule regarding this proposal is expected to be published in the third quarter of 2014. We believe this rule will have minimal implementation cost due to the small size of our fleet. We do not anticipate a negative impact on our operations or productivity.

In February 2014, the FMCSA published a Notice of Proposed Rulemaking establishing a Commercial Driver's License Drug and Alcohol Clearinghouse. This rule will establish a database of commercial driver´s license holders that have failed or refused a controlled substance or alcohol test. The rule will require carriers to report positive test results and refusals to test into the Clearinghouse and query the database when hiring drivers. We do not anticipate that the establishment of the Clearinghouse will have a meaningful impact on our driver hiring process.

We continue to monitor the actions of the FMCSA and other regulatory agencies and evaluate all proposed rules to determine their impact on our operations.

Employees

As of March 27, 2014, we had seven full-time employees and one part-time employee.

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 Original Equipment Manufacturing ("OEM") partners and resellers. See "**Risk Factors**" for a discussion of the risks associated with our company.

ITEM 1A. Risk Factors

An investment in our common stock and warrants involves a high degree of risk. Investors should carefully consider the risks described below, together with all of the other information included in this report, 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 and warrants could decline, and investors may lose all or part of their investment. Investors should read the section entitled "**Cautionary Note Regarding Forward-Looking Statements**" above 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 report.

Risks Relating to the Company's Business

We have a limited operating history and there can be no assurance that we can achieve or maintain profitability. We will need significant additional financing to maintain current operations. Our ability to obtain additional financing is very limited. These issues raise substantial doubt as to our ability to continue as a going concern.

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 the logistics and operations of the Company 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 and warrants could decline, and investors may lose all or part of their investment.

We have incurred significant 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, 2013 and 2012. We expect to continue to incur significant net losses for the foreseeable term and we will 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 substantial operating losses. We reported a net operating loss for the period from incorporation on March 29, 2011 to December 31, 2013. We also had an accumulated deficit of approximately $6,814,000 at December 31, 2013. 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.

As of December 31, 2013, we had approximately $187,000 cash on hand. We are solely reliant on raising additional capital to maintain current operations. To date we have been able to raise debt and equity financing through the assistance of a small number of our investors who have been substantial participants in our debt and equity offerings since our formation. If these investors choose not to assist the Company with its capital raising initiatives in the future we do not expect that we would be able to obtain any alternative forms of financing at this time.

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. The Company's independent accounting firm has included an explanatory paragraph in its audit opinion describing this condition. Management of the Company intends to address these issues by raising additional capital through private placements. There can be no assurance that the Company will be able raise additional capital.

At inception, our business essentially consisted of the investment in in-process research and development as we refer to as the "asphalt preservation and repair solution". The company now classifies the asset as developed technology and it is amortized over the estimated life of the asset. The developed technology is subject to an annual review to test for impairment. If the asset was determined to be impaired this could have a negative impact on our business and results of operations.

Our inability to achieve significant sales of our asphalt preservation and repair equipment could require us to take a material impairment charge related to our intangible assets. Our intangible assets are tested for impairment at least annually in accordance with U.S. GAAP. The valuation of intangible assets require assumptions and estimates of many critical factors, including revenue and market growth, operating cash flows, market multiples, and discount rates. Our inability to sell our asphalt preservation and repair equipment could cause a significant reduction in the fair market value of our intangible assets, resulting in an impairment charge. Given the significance of our intangible asset balance, as a percentage of our total asset balance, any impairment charge could be material to our operating results and related financial statements.

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, the trading price of our shares of common stock and warrants could decline, and investors may lose all or part of their 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, our stock and warrant price 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.

We require steel for 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 our 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 our executive officers, who are all at-will employees. Our executive team is responsible for the development, and execution of our strategic vision. Our management team has cultivated significant relationships in our industry that are critical to our success. As we grow and more people are added to the team over time, management will share their knowledge of our company and the industry with new hires, and we will not be dependent upon any one individual. However, until we achieve more significant growth as a company, there is a disproportionate dependence upon our executive management team, and the loss of their services could 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 our executive management personnel and do not intend to purchase one. If we interrupt or cease operations due to the loss of an executive officer's availability, we may be unable to service our existing customers or acquire new customers, and our business may suffer and our stock and warrant prices 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, our asphalt processing/tilling procedure 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.

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 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 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 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 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, 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 in fact qualify for the exemptions upon which it has relied, we may become subject to significant fines and penalties imposed by the Securities and Exchange Commission and state securities agencies.

Risks Related to our Common Stock and Warrants:

The exercise of our warrants and 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 the public market which may negatively impact the trading price of our shares of common stock and warrants.

The exercise of some or all of our outstanding warrants and options could significantly dilute the ownership interests of our existing stockholders. As of December 31, 2013 we have outstanding warrants to purchase an aggregate of 363,824 shares of common stock, we anticipate having outstanding warrants to purchase an aggregate of 1,386,176 shares of common stock, including (i) the warrant to purchase 386,176 shares of common stock issued in conjunction with the follow-on Series D Unit offering and (ii) the warrants to purchase 1,000,000 shares of common stock issued pursuant to the $3,000,000 debt offering, see Note 13 for further discussion. Additionally, the issuance of up to 1,320,000 shares of common stock upon exercise of stock options and 1,440,000 performance stock options outstanding as of December 31, 2013 will further dilute our existing stockholders' voting interest. To the extent warrants and/or 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. Substantial dilution and/or a substantial increase in the number of common shares available for future resale may negatively impact the trading price of our shares of common stock and warrants.

An active, liquid and orderly trading market for our common stock and warrants may not develop and the trading price of our common stock and warrants may be volatile. If an orderly trading market for our common stock and warrants does not develop and/or if the trading price for our common stock and warrants is volatile, the trading price of our shares of common stock and warrants will likely result in higher spreads.

Our common stock is trading in the over-the-counter market and is quoted on the OTCQB. 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, 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. We do not anticipate that there will be any public trading market for the warrants.

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 and warrants 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 and warrants less attractive if we rely on these exemptions. If some investors find our common stock and warrants less attractive as a result, there may be a less active trading market for our common stock and warrants, their respective prices may be more volatile.

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

As of December 31, 2013, our executive officers, directors, and a small number of investors, beneficially owned an aggregate of 7,445,519 shares of common stock and/or preferred stock convertible into common stock, representing approximately 79% 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 other investors disapprove or that are contrary to their 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 and warrants could decline, and, accordingly, investors may lose all or part of their investment.

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

The trading market for our common stock and warrants 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 and warrants. If we are covered by securities analysts, and our stock is downgraded, the price of our stock and warrants 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 and warrant price and/or trading volume, and, accordingly, investors may lose all or part of their investment.

The application of the Securities and Exchange Commission's "penny stock" rules to our common stock could limit trading activity in the market, and our stockholders may find it more difficult to sell their stock.

If our common stock trades at less than $5.00 per share, then it will be subject to the Securities and Exchange Commission's ("SEC") penny stock rules. Penny stocks generally are equity securities with a price of less than $5.00. Penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must 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, and monthly account statements showing the market value of each penny stock held in the customer's account. The broker-dealer must also 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 requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit their market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect investors' ability to resell our common stock which may depress the market price of our common stock and warrants and, accordingly, investors may lose all or part of their investment.

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

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

Our executive offices are located in Greenwood Village, Colorado, where we lease 2,244 square feet of office space. We currently outsource our manufacturing to, Boman Kemp, which provide production and warehousing facilities in Ogden, Utah.

ITEM 3. Legal Proceedings

The Company faces exposure to various legal claims in the ordinary course of business. We maintain insurance policies in the amounts and with coverage and deductibles as we believe reasonable and prudent. However, we cannot be assured that the insurance companies will promptly honor their policy obligations or that the coverage or levels of insurance will be adequate to protect us from all material expenses related to future claims. We are not currently involved in any material legal proceedings, directly or indirectly, and we are not aware of any claims pending or threatened against us or any of the directors that could result in the commencement of material legal proceedings.

ITEM 4. Mine Safety Disclosure

Not applicable

PART II

ITEM 5. Market for Registrant's Common Stock and Related Stockholder Matters

Our common stock, $0.0001 par value, has been traded on the Over-the-Counter marketplace (OTCQB) under the symbol "HUWX" since October 7, 2013. Prior to October 7, 2013, there was no public market for our common stock. During the fourth quarter of 2013 our common stock traded for a low of $2.10 and high of $4.64.

As of March 27, 2014 we had 106 stockholders of record.

Dividends

We have never declared or paid any cash dividends on our common stock. We do not anticipate paying any cash dividends to stockholders in the foreseeable future. In addition, any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

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 1,320,000 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. As of December 31, 2013, there were 1,010,000 outstanding options exercisable at a price per share of $2.00, and 310,000 outstanding options exercisable at a price per share of $3.00. These options expire five years from the date of issuance. Options issued to directors are fully vested upon grant. Options vest over a period of 2 - 4 years as specified at the time of grant.

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 December 31, 2013.

EQUITY COMPENSATION PLAN INFORMATION

Equity compensation plan approved by security holders:	**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 plan**
2011 Equity Incentive Plan	1,320,000 [(1)]	$2.23	342,000

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

Unregistered Sales of Equity Securities

On March 1, 2014, we commenced a non-public offering of notes and warrants up to $3,000,000 which is intended to remain open until December 31, 2014, unless terminated sooner at the option of the Company before all of the notes are sold. The promissory notes will bear interest at 12% per annum payable monthly, with principal and unpaid interest due and payable on January 6, 2016. Persons holding promissory notes issued by the Company in prior offerings may convert these notes into the notes and warrants being offered in this new offering. Each lender in the offering will receive one warrant for each $3.00 loaned. The three-year warrants will be exercisable immediately at $3.00 per share. The securities were sold without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(5) and Section 4(a)(2) thereof, and Rule 506(b) promulgated thereunder, as a transaction by an issuer not involving any public offering. The investors were "accredited investors" as defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission (the "SEC"). The investors delivered appropriate investment representations with respect to the transaction. The investors were afforded the opportunity to ask questions of the Company's management and to receive answers concerning the terms and conditions of the transaction. No selling commissions or other remuneration was paid in connection with the sale of the securities. As of March 27, 2014, we have received $150,000 under the debt offering and issued warrants to purchase 50,000 shares of our common stock.

In January 2014, the Company received a total of $159,996 from three investors in its current offering of up to 772,352 units (the "Units") at $3.00 per Unit. Each Unit in this offering consists of one share of the Company's Series D Preferred Stock (the "Series D Shares") and one-half warrant, with each whole warrant exercisable at $3.00 per share. The Series D Shares are convertible into common shares of the Company. Each Series D Share will convert into one share of our common stock at any time upon at the option of the holder of the Series D Shares or will be converted at the option of the Company at any time the trading price of our common stock is at least $4.50 per share for ten consecutive trading days. The conversion features of the Series D Shares are subject to adjustment upon the occurrence of certain events affecting the Company's common stock. Each whole warrant entitles the holder to purchase one share of common stock at the designated exercise price. The Units will separate immediately and the preferred stock and the warrants will be issued separately in the offering. These Units were issued without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(2) thereof, and Rule 506(b) promulgated thereunder, as a transaction by an issuer not involving any public offering. The Units are being offered and sold only to persons who are either "accredited investors" as defined in Rule 501(a) of Regulation D promulgated by the Commission or up to not more than 31 sophisticated investors as defined in Rule 506(b) and who met the suitability standards set forth in the Memorandum dated November 19, 2013. The initial investor in this offering was an accredited investor. The investors delivered appropriate investment representations with respect to these sales and consented to the imposition of restrictive legends upon the stock certificates representing the shares. The investors were afforded the opportunity to ask questions of the Company's management and to receive answers concerning the terms and conditions of the transaction. A total of $6,000 was paid in selling commissions to a licensed selling agent in connection with these transactions. The Units sold in this offering were not registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. We have agreed utilize reasonable best efforts to file a registration statement within 90 days following completion of this offering to register the common shares issuable upon exercise of the warrants.

On December 11, 2013, the Company issued 12% Notes in the principal aggregate amount of $90,000 to three investors. The Notes mature on June 11, 2014. The Securities were sold without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(5) and Section 4(a)(2) thereof, and Rule 506(b) promulgated thereunder, as a transaction by an issuer not involving any public offering. The investors were "accredited investors" as defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission (the "SEC"). The investors delivered appropriate investment representations with respect to the transaction. The investors were afforded the opportunity to ask questions of the Company's management and to receive answers concerning the terms and conditions of the transaction. No selling commissions or other remuneration was paid in connection with the sale of the Securities.

In May 2013, the Company raised $1,000,000 pursuant to the terms of a Senior Loan Agreement and the issuance of Senior Secured Promissory Notes to seven investors. In connection with the issuance of the Notes, the Company paid each investor an origination fee of 1.5%, for a total of $15,000. These Notes matured on September 15, 2013, and bore interest at 12% per annum. In August, principal in the amount of $749,982 was retired through the issuance of Series D preferred shares. On September 15, 2013 the remaining principal in the amount of $250,018 and accrued interest was paid in full. The Securities were sold without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(5) and Section 4(a)(2) thereof, and Rule 506(b) promulgated thereunder, as a transaction by an issuer not involving any public offering. The investors were "accredited investors" as defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission (the "SEC"). The investors delivered appropriate investment representations with respect to the transaction. The investors were afforded the opportunity to ask questions of the Company's management and to receive answers concerning the terms and conditions of the transaction. No selling commissions or other remuneration was paid in connection with the sale of the Securities.

ITEM 6. Selected Financial Data

As a smaller reporting company, we have elected not to provide the disclosure required by this item.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 350° and 400° 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.

This Item 7 may contain forward-looking statements that involve substantial risks and uncertainties. When considering these forward-looking statements investors should keep in mind the cautionary statements in this report. Please see the sections entitled "**Cautionary Notice Regarding Forward-Looking Statements**" and Item 1A. "**Risk Factors**" elsewhere in the report.

Results of operations for the year ended December 31, 2013 compared to year ended December 31, 2012.

For the year ended December 31, 2013, our net loss was $3,069,000, compared to a net loss of $2,441,000, for the year ended December 31, 2012. Further description of these losses is provided below.

Revenue

Revenue increased to approximately $312,000 for the year ended December 31, 2013 from approximately $192,000 for the year ended December 31, 2012. Revenue is generated from the sale of our equipment as well as the sale of consumable products. Our consumables consist of Polymer pellets used to strengthen the repair when mixed in to the recycled asphalt product; and RxEHAB rejuvenation strips which is an oil-based product which creates the binding agent for the asphalt repair.

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 $188,000 for the year ended December 31, 2013 from $133,000 for the year ended December 31, 2012, due to the sales of our equipment as described above.

Selling, general and administrative

Selling, general and administrative expenses increased to approximately $2,819,000 for the year ended December 31, 2013 from approximately $1,884,000 for the year ended December 31, 2012. The increase in selling, general and administrative expenses is principally due to an increase in employee expenses related to the hiring of Company employees of approximately $535,000, depreciation and amortization of approximately $320,000, increased costs of approximately $153,000 in advertising and promotion activities related to business development. These increases were partially offset by a decrease in stock-based compensation costs of approximately $241,000, and increased costs (including legal fees, accounting fees, IPO related and other items) of approximately $168,000.

Research and Development

Research and development decreased to approximately $267,000 for the year ended December 31, 2013 from approximately $448,000 for the year ended December 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.

We currently have three issued U.S. patents: two utility patents and one design patent. We have four pending U.S. patent applications. Our two issued utility patents, US Patent Nos. 8,562,247 and 8,556,536, were issued in October 2013 and cover certain unique device aspects of our asphalt repair equipment. Our design patent, US Patent No. D700,633, was issued in March 2014 and covers the ornamental design of our asphalt processor. We have received a notice of allowance from the US Patent and Trademark Office (“USPTO”) on a third utility patent covering certain unique method aspects of our asphalt repair equipment. We anticipate issuance of this patent in June 2014.

We intend to develop other technologies for which we will seek patent protection. In addition, we have made and expect to continue to make certain international filings to attempt to protect our intellectual property rights in a limited number of countries outside of the United States. 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 do not believe our ability to operate our business is dependent on the patentability of our technology.

Income taxes

Heatwurx 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

Overview

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 year ended December 31, 2013, the Company incurred a net loss of approximately $3,069,000 and utilized $2,539,000 in cash flows from operating activities. The Company had cash on hand of approximately $187,000 as of December 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.

The Company has incurred operating losses, accumulated deficit and negative cash flows from operations since inception. As of December 31, 2013, the Company had an accumulated deficit of approximately $6,814,000.

Management anticipates that the Company will require substantial additional funds to continue operations. As of December 31, 2013, we had approximately $187,000 cash on hand and were spending approximately $300,000 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.

Financing Activities

In May 2013, we raised $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 paid each investor an origination fee of 1.5%, for a total of $15,000. These promissory notes matured on September 15, 2013, and bore interest at 12% per annum. In August, principal in the amount of $749,982 was retired through the issuance of Series D preferred shares. On September 15, 2013 the remaining principal in the amount of $250,018 and accrued interest was paid in full.

On June 21, 2013, the Company offered 1,500,000 units at $3.00 per unit for potential total proceeds of $4,500,000. On August 30, 2013, the Company completed its offering with a total of 727,648 units sold at $3.00 per unit for gross proceeds of $2,182,944, which consisted of $1,432,962 in cash and $749,982 in a non-cash conversion of senior secured notes payable. The Company paid share issuance costs in the amount of $84,232. Each unit consisted of one share of Series D Preferred Stock and one-half warrant, with each whole warrant exercisable at $3.00 per share, upon closing of the offering the Company has issued warrants to purchase 363,824 shares of common stock.

In October 2013, the Company initiated a follow-on Series D Preferred stock offering to sell the remaining 772,352 units at $3.00 per unit for up to $2,317,056 gross proceeds. The offering includes an over-allotment of 1,000,000 units for an additional $3,000,000 in potential gross proceeds. The offering term ends March 31, 2014, unless we extend the offering for a period not to exceed 60 additional days which would allow us to extend the offering through May 30, 2014. In January 2014, we sold 53,332 units at $3.00 per unit for gross proceeds of $159,996.

Beginning in October 2013 through April 2014 we have an obligation to make a series of principal payments totaling $1,000,000 on our current senior subordinated note payable. The Company paid $500,000 in accordance with the terms of the senior subordinated note payable during the year ended 2013 and $250,000 on February 15, 2014.

In December 2013, we raised $90,000 pursuant to the terms of a Loan Agreement and the issuance of Unsecured Promissory Notes. The notes mature on June 11, 2014 and bear interest of 12% per annum, paid monthly on the first day of the month.

On January 6, 2014, we initiated a debt offering of up to $1,000,000 under the terms of a Loan Agreement. Each loan is evidenced by an unsecured promissory note bearing interest at the rate of 12% per annum and maturing on January 6, 2016. Interest will be paid in equal monthly installments on the first day of each month. As additional consideration for a lender to enter into the Loan Agreement, the Company has agreed to issue to each lender one common stock purchase warrant for each $3.00 loaned to the Company, exercisable at $3.00 per share. The Warrants expire three years following the date of issuance and may not be offered for sale, sold, transferred or assigned without the consent of the Company. On February 28, 2014, we completed our $1,000,000 debt financing through the sale of notes and warrants under the Loan Agreement. The notes were in the aggregate principal amount of $850,000 and were issued with an aggregate of 283,329 warrants to the investors. We utilized $250,000 of the debt to pay our February 2014 required principal payment on the senior subordinated note payable as discussed above.

On March 1, 2014, we commenced a similar non-public offering of notes and warrants up to $3,000,000 which is intended to remain open until December 31, 2014, unless terminated sooner at the option of the Company before all of the notes are sold. The promissory notes will bear interest at 12% per annum payable monthly, with principal and unpaid interest due and payable on January 6, 2016. Persons holding promissory notes issued by the Company in prior offerings may convert these notes into the notes and warrants being offered in this new offering. Each lender in the offering will receive one warrant for each $3.00 loaned. The three-year warrants will be exercisable immediately at $3.00 per share. These securities are being offered and will be sold solely to accredited investors without selling commissions. The proceeds of this offering will be used to satisfy outstanding debt and provide working capital for the Company. As of March 27, 2014 we have received $150,000 under the debt offering and issued warrants to purchase 50,000 shares of our common stock.

Cash Requirements

The issues described in the paragraphs above raise substantial doubt about the Company's ability to continue as a going concern. Although we have commenced a new $3,000,000 debt offering as noted above and we have a total of approximately $2,157,000 remaining to be raised under our Series D preferred stock offering, we cannot guarantee we will be able to raise the entire offering amounts, if any. We are solely reliant on raising additional capital in order to maintain our current operations. To date we have been able to raise debt and equity financing through the assistance of a small number of our investors who have been substantial participants in our debt and equity offerings since our formation. If these investors choose not to assist us with our capital raising initiatives in the future, we do not expect that we would be able to obtain any alternative forms of financing at this time and we would not be able to continue to satisfy our current or long term obligations. Based upon our current monthly spend we anticipate the need to raise at least $3,600,000 to meet our cash flow requirements for the next twelve months.

Total Contractual Cash Obligations

A summary of our total contractual cash obligations as of December 31, 2013, is as follows:

Contractual Obligation	Total	Due in 2014	Due in 2015-2016	Due in 2017-2018	Thereafter
Sr. Subordinated note payable	$ 500,000	$ 500,000	$ -	$ -	$ -
Operating lease obligation [1]	6,358	6,358	-	-	-
Equipment financing [2]	186,645	41,186	89,726	55,733	-
Purchase obligations [3]	114,773	114,773	-	-	-
Total	$ 807,776	$ 662,317	$ 89,726	$ 55,733	$ -

[1] Amount relates to our office lease agreement through February 28, 2014

[2] Includes equipment utilized in our demonstration process

[3] Represents a commitment to our manufacturer to purchase equipment.

Off-Balance Sheet Arrangements

We do not engage in off-balance sheet financing activities

Critical Accounting Policies and Estimates

The preparation of these financial statements in conformity with GAAP 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. See Note 2 of the accompanying Notes to the Financial Statements included in Item 8 of this Form 10-K for additional information on these policies and estimates, as well as a discussion of additional accounting policies and estimates.

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 RxEHAB rejuvenation strips and Polymer pellets, 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 record equity instruments at their fair value on the measurement date by utilizing the Black-Scholes option-pricing model. Stock Compensation for all share-based payments, is recognized as an expense over the requisite service period.

The 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 minimal trading volume since we began trading in October 2013, 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.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that affect the Company.

ITEM 8. Financial Statements and Supplementary Data

Index to Financial Statements

Heatwurx, Inc. (A Development Stage Company)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Heatwurx, Inc.

We have audited the accompanying balance sheets of Heatwurx, Inc. (a development stage company) as of December 31, 2013 and 2012, and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2013 and 2012, and for the period from March 29, 2011 (date of inception) through December 31, 2013. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heatwurx, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, and for the period from March 29, 2011(date of inception) through December 31, 2013, in conformity with U.S. generally accepted accounting principles.

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 incurred recurring net losses from operations since incorporation and recognized minimal revenues since inception. Additionally, the Company has an accumulated net deficit of approximately $6,800,000 as of December 31, 2013. These conditions raise substantial doubt about the Company's 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 recorded asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ Hein & Associates LLP

Denver, Colorado
March 27, 2014

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

	December 31, 2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 186,864	$ 1,021,475
Accounts receivable	19,200	30,451
Prepaid expenses and other current assets	80,386	56,368
Inventory	228,256	48,749
Total current assets	514,706	1,157,043
EQUIPMENT, net of depreciation	369,775	316,357
INTANGIBLE ASSETS, net of amortization	2,053,572	2,410,715
TOTAL ASSETS	$ 2,938,053	$ 3,884,115
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 77,028	$ 73,172
Accrued liabilities	256,094	112,482
Advance payment	155,497	-
Interest payable	1,812	2,630
Income taxes payable	100	150
Loan payable	41,186	27,218
Current portion of senior subordinated note payable	500,000	500,000
Current portion of unsecured notes payable	90,000	-
Total current liabilities	1,121,717	715,652
LONG-TERM LIABILITIES:		
Loan payable	145,458	106,158
Senior subordinated note payable	-	500,000
Total long-term liabilities	145,458	606,158
TOTAL LIABILITIES	$ 1,267,175	$ 1,321,810
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
STOCKHOLDERS' EQUITY:		
Series A Preferred Stock, $0.0001 par value, no shares issued and outstanding at December 31, 2013 and 600,000 issued and outstanding at December 31, 2012; no liquidation preference at December 31, 2013 and liquidation preference of $568,490 as of December 31, 2012	$ -	$ 60
Series B Preferred Stock, $0.0001 par value, 177,000 and 1,500,000 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively; liquidation preference of $416,227 at December 31, 2013 and $3,286,685 as of December 31, 2012	18	150
Series C Preferred Stock, $0.0001 par value, 101,000 and 760,000 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively; liquidation preference of $224,668 at December 31, 2013 and $1,569,172 as of December 31, 2012	10	76
Series D Preferred Stock, $0.0001 par value, 727,648 shares issued and outstanding at December 31, 2013 and no shares issued and outstanding at December 31, 2012; liquidation preference of $2,403,691 at December 31, 2013 and no liquidation preference as of December 31, 2012	73	-
Common stock, $0.0001 par value, 20,000,000 shares authorized; 8,082,000 and 1,900,000 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively	808	190
Additional paid-in capital	8,483,727	5,992,636
Accumulated deficit during development stage	(6,813,758)	(3,430,807)
Total stockholders' equity	$ 1,670,878	$ 2,562,305
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,938,053	$ 3,884,115

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

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

	For the year ended December 31, 2013	For the year ended December 31, 2012	For the period from March 29, 2011 (date of inception) through December 31, 2013
REVENUE:			
Equipment sales	$ 278,463	$ 190,145	$ 468,608
Other revenue	34,017	2,000	51,551
Total revenues	312,480	192,145	520,159
COST OF GOODS SOLD	188,002	133,255	321,257
GROSS PROFIT	124,478	58,890	198,902
EXPENSES:			
Selling, general and administrative	2,818,736	1,883,635	5,314,302
Research and development	267,062	448,028	888,870
Total expenses	3,085,798	2,331,663	6,203,172
LOSS FROM OPERATIONS	(2,961,320)	(2,272,773)	(6,004,270)
OTHER INCOME AND EXPENSE:			
Interest income	2,394	3,131	7,225
Interest expense	(109,725)	(170,715)	(452,960)
Total other income and expense	(107,331)	(167,584)	(445,735)
LOSS BEFORE INCOME TAXES	(3,068,651)	(2,440,357)	(6,450,005)
Income taxes	(50)	(181)	(331)
NET LOSS	$ (3,068,701)	$ (2,440,538)	$ (6,450,336)
Preferred Stock Cumulative Dividend and Deemed Dividend or Beneficial Conversion Feature	21,302	329,170	425,649
Net loss applicable to common stockholders	$ (3,090,003)	$ (2,769,708)	$ (6,875,985)
Net loss per common share basic and diluted	$ (0.61)	$ (1.50)	
Weighted average shares outstanding used in calculating net loss per common share	5,037,405	1,843,033	

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

HEATWURX, INC.
(A Development Stage Company)
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM MARCH 29, 2011 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2013

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid-In Capital	Accumu-lated Deficit	Total
	Shares	$	Shares	$	Shares	$	Shares	$	Shares	$	$	$	$
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
Preferred stock conversion to common shares	(600,000)	(60)	(1,323,000)	(132)	(659,000)	(66)	-	-	6,182,000	618	(360)	-	-
Issued pursuant to private placement dated June 22, 2013	-	-	-	-	-	-	727,648	73	-	-	2,182,871	-	2,182,944
Share issuance costs	-	-	-	-	-	-	-	-	-	-	(84,232)	-	(84,232)
Stock-based compensation	-	-	-	-	-	-	-	-	-	-	216,083	-	216,083
Dividends accrued on Series C shares	-	-	-	-	-	-	-	-	-	-	-	(69,096)	(69,096)
Dividends on accrued on Series D shares	-	-	-	-	-	-	-	-	-	-	-	(68,425)	(68,425)
Beneficial conversion feature on issuance of Series D shares	-	-	-	-	-	-	-	-	-	-	176,729	(176,729)	-
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-	(3,068,701)	(3,068,701)
Balance at December 31, 2013	-	$ -	177,000	$ 18	101,000	$ 10	727,648	$ 73	8,082,000	$ 808	$ 8,483,727	$ (6,813,758)	$ 1,670,878

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

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

	For the year ended December 31, 2013	For the year ended December 31, 2012	For the period from March 29, 2011 (date of inception) through December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (3,068,701)	$ (2,440,538)	$ (6,450,336)
Adjustments to reconcile net loss to cash flows used in operating activities:			
Depreciation expense	57,763	19,182	77,470
Amortization expense	357,143	89,285	446,428
Bad debt expense	-	3,500	3,500
Non-cash expenses exchanged for services	-	-	1,694
Stock-based compensation	216,083	456,998	885,195
Changes in current assets and liabilities:			
Decrease (increase) in receivables	11,751	(24,451)	(22,200)
Increase in prepaid and other current assets	(24,518)	(56,368)	(80,886)
Increase in inventory	(97,369)	(48,749)	(146,118)
(Decrease) increase in income taxes payable	(50)	50	100
Increase in accounts payable	3,856	73,172	77,028
Increase in accrued liabilities	6,091	43,310	69,401
(Decrease) increase in interest payable	(818)	(7,891)	1,812
Cash used in operating activities	(2,538,769)	(1,892,500)	(5,136,912)
CASH FLOWS FROM INVESTING ACTIVITES:			
Purchases of property and equipment	(27,674)	(334,338)	(365,432)
Acquisition of business	-	-	(2,500,000)
Cash used in investing activities	(27,674)	(334,338)	(2,865,432)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from advance payment	73,359	-	73,359
Proceeds from issuance of unsecured notes payable	90,000	-	90,000
Proceeds from issuance of senior secured notes payable	1,000,000	-	2,500,000
Repayment of senior secured notes payable	(250,018)	(1,500,000)	(1,750,018)
Proceeds from issuance of senior subordinated note payable	-	-	1,000,000
Repayment of senior subordinated note payable	(500,000)	-	(500,000)
Proceeds from issuance of common shares	-	-	4,000
Proceeds from exercise of stock options	-	300,000	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	1,520,000
Proceeds from issuance of Series D preferred shares	1,348,730	-	1,348,730
Loan proceeds from equipment loan payable	-	142,290	142,290
Repayment on equipment loan payable	(30,239)	(8,914)	(39,153)
Cash provided by financing activities	$ 1,731,832	$ 453,376	$ 8,189,208
NET CHANGE IN CASH AND CASH EQUIVALENTS	(834,611)	(1,773,462)	186,864
CASH AND CASH EQUIVALENTS, beginning of period	1,021,475	2,794,937	-
CASH AND CASH EQUIVALENTS, end of period	$ 186,864	$ 1,021,475	$ 186,864

The accompanying notes are an integral part of these 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 financial statements and related notes are presented in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP") and are expressed in U.S. dollars.

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. Certain prior year balances have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the net loss.

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.

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 year ended December 31, 2013, the Company incurred a net loss of approximately $3,069,000 and utilized approximately $2,539,000 in cash flows from operating activities. The Company had cash on hand of approximately $187,000 as of December 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, 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.

Management anticipates that the Company will require additional funds to continue operations. As of December 31, 2013, we had approximately $187,000 cash on hand and were spending approximately $300,000 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. The company raised $850,000 in the first quarter of 2014 in relation to a $1,000,000 debt offering issued in January 2014 and an additional $160,000 in relation to its Series D preferred stock offering. The company raised $150,000 in a $3,000,000 private debt offering issued in March 2014.

The issues described above raise substantial doubt about the Company's ability to continue as a going concern. Although we have commenced a new $3,000,000 debt offering and we have a total of approximately $2,157,000 remaining to be raised under our Series D preferred stock offering, we cannot guarantee we will be able to raise the entire offering amounts, if any. We are solely reliant on raising additional capital in order to maintain our current operations. To date we have been able to raise debt and equity financing through the assistance of a small number of our investors who have been substantial participants in our debt and equity offerings since our formation. If these investors choose not to assist us with our capital raising initiatives in the future, we do not expect that we would be able to obtain any alternative forms of financing at this time and we would not be able to continue to satisfy our current or long term obligations. Based upon our current monthly spend we anticipate the need to raise at least $3,600,000 to meet our cash flow requirements for the next twelve months. If we successfully raise $3,000,000 in the private debt offering, we believe the proceeds we will receive and anticipated revenues from equipment sales will be sufficient to fund our operations, including our expected capital expenditures, through the next twelve months. Without these additional funds, we will be required to reduce operations, curtail any future growth opportunities, cease operations all together, or seek to merge with or be acquired by another company.

The accompanying audited financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be different 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 December 31, 2013. At times, the Company may have cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits of up to $250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. As of December 31, 2013 none of the Company's accounts exceeded the FDIC insured limits.

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, 2013 and 2012.

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 years, and process demonstration equipment (demo equipment) depreciated on a straight line basis over an estimated useful life of seven years. Maintenance and repairs are charged to expense as incurred.

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, at least annually or more frequently if 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. The Company performs its impairment analysis in October of each year. For the year ended December 31, 2013, the Company used the Relief-from-Royalty method to analyze its developed technology for impairment. There were no impairment charges for the years ended December 31, 2013 and 2012.

Intangible Assets - Intangible assets consist of developed technology acquired as part of an acquisition, which was deemed in-process research and development upon acquisition. During development, in-process research and development is not subject to amortization and is tested for impairment. In October 2012, the in-process research and development was reclassified as developed technology. Our developed technology is 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, 2013.

Advertising Expense - The Company charges advertising costs to expense as incurred. Advertising costs were $247,500 and $150,500 for the year ended December 31, 2013 and 2012, respectively.

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 Company had no unrecognized tax benefits or uncertain tax positions at December 31, 2013 or 2012.

Compensated absences - At December 31, 2013 and 2012, the Company recorded a liability for paid time off earned by permanent employees but not taken, in accordance with human resource policies.

Research and development - 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.

Revenue Recognition - The Company sells its equipment (HWX-30 heater and HWX-AP-40 asphalt processor), as well as certain consumables 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 service provided by the Company and consumable revenue.

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, unsecured 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, 2013 and 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 December 31, 2013, nor gains or losses reported in the statement of operations.

Concentration of Supplier and Customer Risk - During the year ended December 31, 2013, the Company's asphalt repair equipment, including major components, were purchased from two primary suppliers providing an aggregate of 95% of total equipment purchases. During the same period, two customers were responsible for an aggregate of 92% of total revenues.

Recent Accounting Pronouncements - There are no recent accounting pronouncements that affect the Company.

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, 2013	December 31, 2012
Computer equipment & software	$ 20,562	$ 14,285
Demo Equipment	426,336	321,432
	446,898	335,717
Accumulated depreciation	(77,123)	(19,360)
	$ 369,775	$ 316,357

Depreciation expense was $57,763 and $19,182, for the years ended December 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 initial 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. The Company performed its annual impairment analysis for the year ended December 31, 2013, in October of 2013. The Company used the Relief-from-Royalty method. The Company believes that is the most appropriate method for valuing the developed technology as it is a revenue generating technology. As of December 31, 2013, our developed technology intangible asset had a value of $2,053,572, net of accumulated amortization of $446,428. Amortization expense for the years ended December 31, 2013 and 2012 was $357,143 and $89,285, respectively.

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

2014	$ 357,143
2015	$ 357,143
2016	$ 357,143
2017	$ 357,143
2018	$ 357,143
	$1,785,715

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 the twelve month period ended April 2014 of $49,500,000; or (2) the Company achieves total revenue in the twelve month period ended April 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 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.

During the fourth quarter of calendar year 2013, the Company reviewed and updated its assessment of the potential vesting of the performance stock options. The Company determined it will not achieve revenues for the twelve month period ended April 14, 2014 of at least $49,500,000. In addition, the Company does not believe there is a scenario where it will achieve total revenue in the twelve month period ended April 2015 of $99,000,000 and therefore there is still no value assigned to the performance stock options.

5. NOTES PAYABLE:

Unsecured Notes Payable - The Company issued senior unsecured notes payable totaling $90,000 on December 11, 2013. The notes bear interest at a rate of 12% per annum. Interest is payable monthly on the first day of each month. The principal amount and all then-accrued and unpaid interest is payable on June 11, 2014.

Interest on the unsecured notes payable totaling $562 was outstanding at December 31, 2013.

Senior Secured Notes Payable - The Company issued senior secured notes payable totaling $1,000,000 on May 22, 2013. The notes bear interest at a rate of 12% per annum and was payable monthly on the first day of each month. The entire principal balance and all accrued interest were due September 15, 2013. In August, principal in the amount of $749,982 was retired through the issuance of Series D preferred shares. On September 15, 2013 the remaining principal in the amount of $250,018 and accrued interest was paid in full.

Senior Subordinated Note Payable - The Company issued a senior subordinated note payable in the amount of $1,000,000 on April 15, 2011 to Richard Giles, a founder, stockholder and former director of the Company. The note bears interest at a rate of 6% per annum and matures on April 15, 2014. The holder of the senior subordinated note agreed to subordinate to the lenders of the senior secured notes his security interest in our assets granted under the Subordinated Security Agreement dated April 15, 2011. Mandatory principal payments of $250,000 each were made on October 15, 2013 and December 15, 2013. As of December 31, 2013, the note was subject to mandatory principal payments of $250,000 on February 15, 2014 and April 15, 2014. The required principal payment of $250,000 was made on February 15, 2014.

Interest on the senior subordinated note payable totaling $1,250 and $2,630 was outstanding at December 31, 2013 and 2012, respectively. See Note 13 for further discussion of the Senior Subordinated Note Payable.

Loan Payable - In September 2012, the Company financed the purchase of equipment used for transport and demonstration of our 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. In August 2013, the Company financed the purchase of a truck to transport our equipment used in demonstrations. The loan, in the amount of $83,507, bears interest at a rate of 6.1% per annum and matures on December 1, 2018.

As of December 31, 2013, the loans are subject to mandatory principal payments as follows:

Year ending December 31,	Payments
2014	$ 631,186
2015	44,001
2016	45,725
2017	37,361
2018	18,371
Total principal payments	$ 776,644

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, 2013, the Company's tax year for 2011 and 2012 are 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, 2013, the Company has net operating losses for federal and state income tax purposes of approximately $5,519,606 and $6,154,314, 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, 2013	December 31, 2012
Deferred Tax Assets:		
Net operating loss carry forward - Federal	$ 1,876,666	$ 1,134,761
Net operating loss carry forward - State	191,386	-
Contribution carry forward	188	-
Stock-based compensation	126,245	40,373
Accrued liabilities and deferred rent	7,707	7,459
Amortization	42,380	-
Total	2,244,572	1,182,593
Valuation allowance for deferred tax asset	(2,177,939)	(1,048,199)
Total deferred tax assets	66,633	134,394
Deferred Tax Liabilities:		
Deferred state taxes	-	49,310
Depreciation	66,633	58,746
Amortization	-	26,338
Total deferred tax liability	66,633	134,394
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, 2013, the period from January 1, 2012 through December 31, 2012, are as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
Federal statutory income tax rate	34.0%	34.0%
Permanent differences	(0.6)%	(2.2)%
Deferred tax asset valuation allowance	(36.8)%	(28.7)%
Other	3.4%	(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. There were 8,082,000 and 1,900,000 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively.

Preferred Stock - The Company has authorized 4,500,000 shares of Preferred Stock with a $0.0001 par value. As holders of any series of preferred stock convert into common shares the preferred shares are no longer outstanding and become available for reissuance. As of December 31, 2013 and 2012, there were 1,005,648 and 2,860,000 preferred shares outstanding, respectively.

Series A Preferred Stock - As of December 31, 2013 there were no shares of Series A Preferred Stock outstanding and 600,000 shares outstanding as of December 31, 2012.

During the year ended December 31, 2013; 600,000 Series A preferred shares were converted to common shares at a ratio of 7:1. The Series A Preferred Stock ranked senior in liquidation and dividend preferences to the Company's common stock. Holders of Series A Preferred Stock accrued dividends at the rate per annum of $0.066664. Dividends on Series A preferred shares are paid only upon liquidation, therefore the conversion of Series A preferred shares to common shares resulted in a full release of the accumulated dividends as of December 31, 2013.

Series B Preferred Stock **-** As of December 31, 2013 there were 177,000 shares of Series B Preferred Stock outstanding and 1,500,000 shares outstanding as of December 31, 2012.

During the year ended December 31, 2013; 1,323,000 Series B preferred shares were converted to common shares. 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. Dividends on Series B preferred shares are paid only upon liquidation, therefore the conversion of Series B preferred shares to common shares resulted in a release of $361,426 in accumulated dividends during the year ended December 31, 2013. At December 31, 2013 and 2012, Series B Preferred Stock had dividends accumulated of $62,227 and $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 anti-dilution adjustments, including in the event that the Company issues equity securities at a price equivalent to or 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 as of the record date for determining stockholders entitled to vote on such matter.

Series C Preferred Stock **-** As of December 31, 2013 there were 101,000 shares of Series C Preferred Stock outstanding and 760,000 shares outstanding as of December 31, 2012.

During the year ended December 31, 2013; 659,000 Series C preferred shares were converted to common shares. 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, 2013, Series C Preferred Stock had dividends accumulated of $118,268. Dividends of $95,600 were paid upon the conversion of Series C preferred shares to common shares. As dividends are accrued and payable quarterly on the Series C Preferred Stock, the Company had dividends payable of $22,668 and $49,172 included in accrued expenses as of December 31, 2013 and 2012, respectively.

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 or 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 as of the record date for determining stockholders entitled to vote on such matter.

Series D Preferred Stock **-** As of December 31, 2013 there were 727,648 shares of Series D Preferred Stock outstanding and no shares outstanding as of December 21, 2012.

On June 21, 2013, the Company offered 1,500,000 units at $3.00 per unit for potential total proceeds of $4,500,000. On August 30, 2013, the Company completed its offering with a total of 727,648 units sold at $3.00 per unit for gross proceeds of $2,182,944, which consisted of $1,432,962 in cash and $749,982 in a non-cash conversion of senior secured notes payable. The Company paid share issuance costs in the amount of $84,232. Each unit consisted of one share of Series D Preferred Stock and one-half warrant, with each whole warrant exercisable at $3.00 per share.

Holders of Series D Preferred Stock accrue dividends at the rate per annum of $0.24 per share, payable on a quarterly basis. As dividends are accrued and payable quarterly on the Series D Preferred Stock, the Company paid dividends of $24,407 during the year ended December 31, 2013. As of December 31, 2013 the Company has dividends payable in accrued expenses of $44,018.

The holders of the Series D 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 D original issue price of $3.00 by the then applicable conversion price. Each Series D Share will convert into one share of our common stock at any time at the option of the holder of the Series D Shares or will be converted at the option of the Company at any time the trading price of our common stock is at least $4.50 per share for ten consecutive trading days. The conversion ratio is subject to anti-dilution adjustments, including in the event that the Company issues equity securities at a price equivalent to or less than the conversion price in effect immediately prior to such issue. We have determined that there is a beneficial conversion feature ("BCF"). The calculated value as of the commitment date of the BCF was $176,729, which represents the difference between the effective conversion price and the stated conversion price multiplied by the total number of shares which may be converted. We have recorded this amount as a deemed dividend as of the date of issuance, August 30, 2013, as the Series D Preferred Stock is immediately convertible. This amount was recorded as a charge against our accumulated deficit in our accompanying balance sheet.

The holders of Series D 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 D Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series D 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 D Preferred Stock in stockholders' equity.

The holders of Series D 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 D 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 D Preferred Stock are convertible as of the record date for determining stockholders entitled to vote on such matter.

Each unit includes one-half warrant. Each full warrant grants the right to purchase a share of the Company's common stock and, as of December 31, 2013, there were warrants to purchase 363,824 shares of common stock outstanding. The warrants will be exercisable by the holders at any time on or after the issuance date of the warrants through and including October 1, 2014.

In October 2013, the Company initiated a follow-on Series D Preferred stock offering to sell the remaining 772,352 units at $3.00 per unit for up to $2,317,056 gross proceeds. The offering includes an over-allotment of 1,000,000 units for an additional $3,000,000 in potential gross proceeds. The offering term ends March 31, 2014, unless we extend the offering for a period not to exceed 60 additional days which would allow us to extend the offering through May 30, 2014.

The terms of the follow-on Series D preferred stock offering are the same as the original Series D preferred stock offering except that the warrants will be exercisable by the holders at any time on or after the issuance date of the warrants through and including one year from their respective issuance dates. In addition, the Company agreed to use its best efforts to register the shares underlying the warrants issued in the follow-on Series D preferred stock offering and the original Series D preferred stock offering. The Company intends to file the registration statement not later than 90 days following the completion of the offering and will use its best efforts to maintain the effectiveness of the registration statement for the investors in this and the prior offering through December 31, 2015.

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 private individuals with no proceeds going to the Company. 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	410,000	$ 2.76	
Exercised	-	$ -	
Cancelled	(112,000)	$ 2.00	
Balance, December 31, 2013	1,320,000	$ 2.23	3.44
Exercisable, December 31, 2012	710,000	$ 2.00	
Exercisable, December 31, 2013	845,000	$ 2.04	

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, 2013	December 31, 2012
Risk-free interest rate range	0.11% - 1.55%	0.62% - 0.91%
Expected life	5.0 Years	5.0 Years
Vesting period	0 - 4 Years	0 - 4 Years
Expected volatility	39%	39%
Expected dividend	-	-
Fair value range of options at grant date	$1.008 - $1.089	$0.675 - $0.705

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 minimal trading volume since we began trading in October 2013, 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 years ended December 31, 2013 and 2012, the Company recorded stock-based compensation expense of $216,083 and $456,998, respectively.

As of December 31, 2013 and 2012 there was $404,006 and $181,455, respectively, of unrecognized compensation expense related to the issuance of the stock options.

Performance Stock Options

There were no performance stock options granted during the year ended December 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, December 31, 2013 and 2012	1,440,000	$ 0.11
Exercisable, December 31, 2013 and 2012	40,000	$ 2.00

See Note 4 for further discussion of the performance options.

Warrants

The Company issued warrants in connection with the Series D unit offering discussed above. Each unit consisted of one share of Series D Preferred Stock and one-half warrant, with each whole warrant exercisable at $3.00 per share and grants the right to purchase a share of the Company's common stock. The warrants are exercisable by the holders through and including October 1, 2014.

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Granted	363,824	$ 3.00	
Exercised	-	$ -	
Cancelled	-	$ -	
Balance, December 31, 2013	363,824	$ 3.00	0.75

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 earnings allocated to these participating securities are added to net loss in determining net loss applicable to common stockholders. Basic and Diluted loss per share are computed by dividing net loss applicable 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 year ended December 31, 2013	For the year ended December 31, 2012	For the period from March 29, 2011 (date of inception) through December 31, 2013
Net Loss	$ (3,068,701)	$ (2,440,538)	$ (6,450,336)
Basic and diluted:			
Preferred stock cumulative dividend - Series A (1)	(68,490)	39,998	-
Preferred stock cumulative dividend - Series B (1)	(224,458)	240,000	62,227
Preferred stock cumulative dividend - Series C	69,096	49,172	118,268
Preferred stock cumulative dividend - Series D	245,154	-	245,154
Net income applicable to preferred stockholders	21,302	329,170	425,649
Net loss applicable to common stockholders	$ (3,090,003)	$ (2,769,708)	$ (6,875,985)

(1) Upon conversion of the Series A and B preferred stock into common stock, the holders of the Series A and B preferred stock were no longer entitled to the dividends recorded in the adjustment to net loss applicable to common shareholders in prior periods. As a result, current year reported dividends were adjusted downward to reflect this release of accumulated dividends.

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, 2014.

Total rent expense for the year ended December 31, 2013, and 2012 was $36,404 and $27,000, respectively.

The Company's remaining commitment under its current lease term for 2014 is approximately $16,000.

Purchase Commitments - As of December 31, 2013, the Company has a commitment to its manufacturer to purchase equipment totaling approximately $115,000. In January 2014, the Company paid the existing commitment of approximately $115,000. The manufacturing company has begun additional fabrication of our equipment resulting in a future commitment of approximately $145,000 upon completion.

10. RELATED PARTY TRANSACTIONS:

The Company has a consulting arrangement and a Senior Subordinated note payable with Mr. Rich Giles, a founder, stockholder, and former director of the Company. The following table outlines payments to Mr. Giles for the years ended December 31:

	2013	2012
Consulting fees	$ 189,600	$ 196,400
Sr. Subordinated interest payments	57,500	60,000
Sr. Subordinated principal payments	$ 500,000	$ -

During the year ended December 31, 2013, Mr. Gus Blass III, a member of our board of directors and a stockholder, held $125,000 of the senior secured notes payable in an individual capacity and $125,000 through an entity in which he is a managing member. The senior secured notes payable, principal and interest, were paid in full to Mr. Blass on September 15, 2013. Mr. Blass also received dividends from preferred stock in 2013 totaling $5,979.

During the year ended December 31, 2012, the Company paid consulting fees of $45,000 to Mr. Garland, former Chief Executive Officer and Director of the Company, before he was hired as the Company's Chief Executive Officer.

Also during the year ended December 31, 2012 the Company paid consulting fees of $12,500 to Larry Griffin, a founder, and former executive officer of the Company.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended December 31, 2013	For the year ended December 31, 2012	For the period from March 29, 2011 (date of inception) through December 31, 2013
Cash paid for interest	$ 107,913	$ 178,316	$ 448,229
Cash paid for income taxes	$ 100	$ 100	$ 200
Series C Dividend payable in accrued expenses	$ 22,668	$ 49,172	$ 22,668
Series D Dividend payable in accrued expenses	$ 44,018	$ -	$ 44,018
Non-Cash investing and financing transactions			
Repayment of senior secured notes payable with issuance of Series D preferred shares	$ 749,982	$ -	$ 749,982
Financing the purchase of equipment under a 5 year loan agreement	$ 83,507	$ -	$ 83,507
Beneficial conversion feature on warrants issued in conjunction with Series D preferred shares	$ 176,729	$ -	$ 176,729

12. SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

The following summarizes the Company's quarterly results of operations for 2013 and 2012:

2013	March 31	June 30	September 30	December 31
Total revenue	$ 19,200	$ 97,280	$ 125,910	$ 70,090
Net loss	(816,365)	(726,571)	(718,840)	(806,925)
Net loss applicable to common stockholders	(915,307)	(768,358)	(932,600)	(473,738)
Net loss per common share basic and diluted	$ (0.48)	$ 0.34)	$ (0.12)	$ (0.06)

2012	March 31	June 30	September 30	December 31
Total revenue	$ 14,614	$ 97,022	$ 49,058	$ 31,451
Net loss	(580,637)	(475,079)	(601,882)	(782,940)
Net loss applicable to common stockholders	(650,254)	(544,696)	(691,587)	(883,171)
Net loss per common share basic and diluted	$ (0.32)	$ (0.31)	$ (0.40)	$ (0.48)

13. SUBSEQUENT EVENTS

Debt offerings

On January 6, 2014, the Company commenced a non-public offering of notes and warrants up to $1,000,000. The promissory notes will bear interest at 12% per annum payable monthly, with principal and unpaid interest due and payable on January 6, 2016. As additional consideration for a lender to enter into the Loan Agreement, the Company has agreed to issue to each lender one common stock purchase warrant for each $3.00 loaned to the Company. The Warrants expire three years following the date of issuance and may not be offered for sale, sold, transferred or assigned without the consent of the Company. The three-year warrants will be exercisable immediately at $3.00 per share.

On February 28, 2014, Heatwurx, Inc. completed its $1,000,000 debt financing through the sale of notes and warrants under the Loan Agreement. The notes were in the aggregate principal amount of $850,000 and were issued with an aggregate of 283,329 warrants to the investors. The aggregate loan amount includes a loan of $250,000 from Mr. Blass, the father of Gus Blass III, one of the directors of the Company. Mr. Blass was issued 83,333 warrants in connection with the loan.

On March 1, 2014, the Company commenced a similar non-public offering of notes and warrants up to $3,000,000 which is intended to remain open until December 31, 2014, unless terminated sooner at the option of the Company before all of the notes are sold. The promissory notes will bear interest at 12% per annum payable monthly, with principal and unpaid interest due and payable on January 6, 2016. Persons holding promissory notes issued by the Company in prior offerings may convert these notes into the notes and warrants being offered in this new offering. Each lender in the offering will receive one warrant for each $3.00 loaned. The three-year warrants will be exercisable immediately at $3.00 per share. These securities are being offered and will be sold solely to accredited investors without selling commissions. The proceeds of this offering will be used to satisfy outstanding debt and provide working capital for the Company. As of March 27, 2014 we have received $150,000 under the debt offering and issued warrants to purchase 50,000 shares of our common stock.

The securities offered in both of these offerings have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements

Dr. Pave Acquisition Agreement

On January 7, 2014, the Company entered into an Agreement and Plan of Reorganization (the "Acquisition Agreement") dated January 8, 2014 with Dr. Pave, LLC, a California limited liability company. Dr. Pave, LLC was controlled by David Dworsky, the Chief Executive Officer of the Company. The Company acquired all of the outstanding membership interests in Dr. Pave for 58,333 shares of common stock of the Company at a value of $3.00 per share for total consideration in the amount of $175,000. The consideration included the issuance of 41,668 shares to Dworsky Partners, LLC, an entity in which David Dworsky owned 80% of the ownership interest, and 3,333 shares to Reg Greenslade, one of the Company's directors. As a result of the acquisition, which closed on January 8, 2014, Dr. Pave became a wholly owned subsidiary of the Company. Dr. Pave is managed by David Dworsky and Justin Yorke, a shareholder of the Company. The parties to the Acquisition Agreement established the effective date of the closing of the transaction for tax and accounting purposes as 8:00 a.m. on January 1, 2014.

The securities offered and sold in the above transactions have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

During 2013, the Company entered into a transaction to sell equipment, equipment parts and consumables to Dr. Pave, LLC totaling approximately $155,000. In light of the January 2014 transaction the Company determined the earnings process was not complete and did not recognize the sale in revenue and corresponding cost of goods sold for the year ended 2013. The Company determined it was most appropriate to reflect the equipment, equipment parts and consumables as consigned inventory to Dr. Pave, and are therefore included in the Company's inventory as of December 31, 2013. In December 2013 Dr. Pave, LLC entered into a short-term loan agreement for approximately $160,000 to raise the cash for payment to Heatwurx. The Company received a cash payment from Dr. Pave, LLC for the purchased equipment and consumables, the Company recorded the cash receipt and recognized an Advance payment liability from Dr. Pave, LLC of approximately $155,000 as of December 31, 2013. Upon the close of the acquisition the Company has assumed the short-term loan obligation on behalf of Dr. Pave, LLC.

Series D Unit offering

In January 2014, the Company received $159,996 from investors in its current offering of up to 772,352 units at $3.00 per Unit in the follow-on Series D Preferred stock offering. Each unit in this offering consists of one share of the Company's Series D Preferred Stock and one-half warrant, with each whole warrant exercisable at $3.00 per share. A total of $6,000 was paid in selling commissions to a licensed selling agent in connection with this initial transaction. The Units sold in this offering were not registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. We have agreed to utilize reasonable best efforts to file a registration statement within 90 days following completion of this offering to register the common shares issuable upon exercise of the warrants.

Option grants

On January 16, 2014, the Board granted options to purchase 10,000 shares of Common Stock of the Company to each director of the Company for services performed as a director during 2013. The options are exercisable at $3.00 per share and are fully vested. The options were granted pursuant to the Company's 2011 Stock Incentive Plan and are exercisable for a period of five years. The Company recognized compensation expense of $46,564 during the year ended December 31, 2013 with respect to these option grants.

Senior Subordinate note payment

On February 15, 2014 the Company made the required principal payment of $250,000 on the Senior Subordinated note payable. As of March 27, 2014 the current senior subordinated note payable is $250,000. See Note 5 Notes Payable for further discussion.

Preferred stock conversion to common shares

As of March 27, 2014; 75,065 Series B preferred shares and 56,000 Series C preferred shares were converted into a total of 131,065 common shares subsequent to December 31, 2013. As of March 27, 2014 there were 8,271,398 common shares outstanding.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Our principal executive officer, David Dworsky, and our principal financial and accounting officer, Allen Dodge, have concluded, based on their evaluation, as of the end of the period covered by this report, that our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Exchange Act) are (1) effective to ensure that material information required to be disclosed by us in reports filed or submitted by us under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and (2) designed to ensure that material information required to be disclosed by us in such reports is accumulated, organized and communicated to our management, including our principal executive officer and principal financial officer, as appropriated, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed our internal control over financial reporting as of December 31, 2013, the end of our fiscal year. Management based its assessment on criteria established in *Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO 1992 Criteria)* Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on our assessment, management has concluded that our internal control over financial reporting was effective, as of the end of the fiscal year, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

There were no changes in our internal control over financial reporting (as defined in Rule 15d - 15(f) under the Exchange Act) during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The following table sets forth as of March 27, 2014, the name and ages of, and position or positions held by, our executive officers and directors and, following the table the employment background of these persons, and any directorships held by the current directors during the last five years in any company with a class of securities registered pursuant to section 12 of the Exchange Act or subject to the requirements of section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940 is detailed. The Board believes that all the directors named below are highly qualified and have the skills and experience required for effective service on the Board. The directors' individual biographies below contain information about their experience, qualifications and skills that led the Board to nominate them.

Name	Age	Positions
David Dworsky	65	Chief Executive Officer, President
Allen Dodge	46	Chief Financial Officer
Reginald Greenslade	50	Chairman
Gus Blass III	62	Director
Donald Larson	76	Director
Stephen Garland	46	Director

David Dworsky. David Dworsky has served as our President, Chief Executive Officer since December 16, 2013. Mr. Dworsky has served in the following positions during the last five years: From 2008 through 2011, he served as President and Chief Executive Officer and was a major stockholder of Dworsky Companies, Inc., engaged in providing building services, such as landscape maintenance, landscape construction, commercial sweeping services, and environmental cleaning of hard surfaces utilizing environmentally safe cleaning techniques for the commercial, industrial, and municipal markets in Southern California; during 2011 he also served as President and Chief Executive Officer and was a majority shareholder of Dworsky Facilities, Inc., engaged in environmental cleaning and commercial sweeping services in Southern California; also during 2011 he was retained as a consultant by The Brickman Group, a Delaware company which acquired Dworsky Landscape, a segment of the Dworsky Companies; from 2011 to present Mr. Dworsky has served as Chief Executive Officer and is a major shareholder of Dworsky Partners LLC engaged in environmental cleaning and commercial sweeping services in Southern California, and as President and Chief Executive Officer and is a major shareholder of Dr. Pave, LLC, engaged in the asphalt repair industry in Southern California.

Allen Dodge. Allen Dodge has served as our Chief Financial Officer since August 2012. In June 2013; Mr. Dodge accepted the position of Secretary of our company's Board of Directors. 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.

Reginald Greenslade. Mr. Greenslade has been a director since September 2012, and elected Chairman of the Board in December 2013. 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.

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.

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.

Stephen Garland. Stephen Garland served as the President and Chief Executive Officer of Heatwurx, Inc. from January 2012 through December 2013, has served as 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.

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.

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 in 2012, directors received options to purchase 75,000 shares of common stock.

Director Compensation

Mr. Garland and Mr. Dodge, our named executive officers and directors received compensation as discussed below in "Executive Compensation" there was no other director compensation during the year ended December 31, 2013.

Committees of the Board of Directors

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.

ITEM 11. Executive Compensation

The following table provides a summary of annual compensation for our executive officers for the years ended December 31, 2012 and December 31, 2013. We do not have an employment agreement with either of our executive officers, who are referred to as our named executive officers.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary	Option Awards ($)	All other compensation	Total
David Dworsky - Chief Executive Officer [1] [2]	2013	$ 7,500	$ 326,792	$ -	$ 334,292
Stephen Garland - former Chief Executive Officer [3] [4] [5]	2013	$ 195,500	$ -	$ -	$ 195,500
	2012	$ 139,000	$ 211,411	$ 45,000	$ 395,411
Allen Dodge - Executive Vice President and Chief Financial Officer [6] [7]	2013	$ 180,000	$ 10,772	$ -	$ 190,772
	2012	$ 75,000	$ 69,533	$ -	$ 144,533

(1) David Dworsky has served as our President, Chief Executive Officer since December 16, 2013. His annual base salary is $180,000.

(2) Upon his acceptance of his position as President and Chief Executive Officer Mr. Dworsky received 300,000 options. The options have an exercise price of $3.00 per share.

(3) Stephen Garland served as our President, Chief Executive Office April 2012 through December 15, 2013. His annual base salary was $204,000.

(4) Mr. Garland served as our Interim Chief Executive Officer until March 31, 2012. His monthly compensation was $15,000 per month during 2012.

(5) 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.

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

(7) Upon his acceptance of his position as Chief Financial Officer Mr. Dodge received 100,000 options in 2012. The options have an exercise price of $2.00 per share. In 2013 Mr. Dodge received 10,000 options upon his appointment as Secretary of the Company. The options have an exercise price of $3.00 per share.

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, 2013. 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 2013.

Name	Number of Shares Underlying unexercised options			
	Exercisable	Unearned	Option exercise price	Option expiration date
David Dworsky	25,000	275,000	$3.00	12/15/2018
Stephen Garland	75,000	-	$2.00	11/03/2016
	300,000	-	$2.00	01/18/2017
Allen Dodge	50,000	50,000	$2.00	07/31/2017
	10,000	-	$3.00	06/20/2018

ITEM 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding beneficial ownership of our common stock as of March 14, 2014, by:

- each of our named 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 named 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 8,271,398 shares of common stock outstanding as of March 14, 2014.

Name of beneficial owner	Shares beneficially owned	% of shares outstanding
Executive officers and directors:		
David Dworsky [1]	66,668	0.80%
Allen Dodge [2]	60,000	0.72%
Stephen Garland [3]	385,000	4.45%
Gus Blass III [4]	491,128	5.79%
Reginald Greenslade [5]	194,398	2.33%
Donald Larson [6]	160,000	1.91%
All executive officers and directors as a group (6 persons) [7]	1,357,194	16.00%

Name of beneficial owner	Shares beneficially owned	% of shares outstanding
Stockholders owning more than 5%:		
JMW Fund LLC [8] 4 Richland Place Pasadena, California 91103 Manager: Justin Yorke	1,694,997	20.21%
San Gabriel Fund LLC [9] 4 Richland Place Pasadena, California 91103 Manager: Justin Yorke	1,694,997	20.21%
Richard Giles [10] 6300 Sagewood Dr. Suite 400 Park City, Utah 84098	1,427,500	17.18%
Kirby Enterprise Fund LLC [11] PO Box 3087 Greenwood Village, Colorado 80155 Manager: Charles Kirby	605,000	7.31%
Charles F. Kirby Roth 401(k) [12] PO Box 3087 Greenwood Village, CO 80155 Manager: Charles Kirby	482,000	5.83%

(1) Includes 25,000 shares underlying stock options.

(2) Includes 60,000 shares underlying stock options.

(3) Includes 385,000 shares underlying stock options.

(4) Includes 85,000 shares underlying stock options, 125,065 shares held by an LLC of which Mr. Blass is a managing member, 125,065 shares held by Mr. Blass, and 31,000 shares held by the Alex Connor Blass Trust #3. Also, includes 41,666 shares underlying warrants and 83,332 shares underlying preferred stock holdings which are convertible at Mr. Blass' option.

(5) Includes 85,000 shares underlying stock options and 106,065 shares held by a Corporation in which Mr. Greenslade is an owner.

(6) Includes 85,000 shares underlying stock options and 75,000 shares held by Mr. Larson.

(7) Includes 725,000 shares underlying stock options. Includes 83,332 shares underlying preferred stock holdings which are convertible at the holders' option into common shares, 41,666 shares underlying warrants and 462,195 common shares held by the executive officer and directors as a group.

(8) Justin Yorke is the manager of the JMW Fund and was a director from April 2011 until June 2012. Includes 83,332 shares underlying warrants and 33,332 shares underlying preferred stock holdings which are convertible at the JMW Fund's option. Does not include 75,000 shares owned by Mr. Yorke.

(9) Justin Yorke is the manager of the San Gabriel Fund and was a director from April 2011 until June 2012. Includes 83,332 shares underlying warrants and 33,332 shares underlying preferred stock holdings which are convertible at the JMW Fund's option. Does not include 75,000 shares owned by Mr. Yorke.

(10) Mr. Giles was a Company founder and a director of the Company from April 2011 to June 2012. He has been a consultant of the Company from April 2011 to the present. Includes 40,000 shares underlying options. Includes 700,000 shares held by the R. Giles Living Trust.

(11) Charles Kirby is the manager of the Kirby Enterprise Fund LLC and was a director from April 2011 until October 2011. Does not include 10,000 shares owned by Mr. Kirby.

(12) Charles Kirby was a director from April 2011 until October 2011. Does not include 10,000 shares owned by Mr. Kirby.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

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. 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 December 2013 was $451,600. He continues to be paid $10,800 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 $160,630 for interest and $500,000 in required principal payments on the senior subordinated note through December 31, 2013. As of December 31, 2013, $500,000 remains outstanding.

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 the twelve month period ended April 2014 of $49,500,000; or (2) the Company achieves total revenue in the twelve month period ended April 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 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.

Transactions with JMW Fund, LLC

JMW Fund, LLC owns more than 5% of the outstanding shares of Company common stock. The Company entered into a Loan Agreement with JMW Fund, LLC and issued a senior secured note payable in the amount of $100,000 on May 22, 2013. The note bore interest at a rate of 12% per annum and was payable monthly on the first day of each month. In August, principal in the amount of $99,996 was retired through the issuance of Series D preferred shares. In connection with this transaction, the JMW Fund was issued warrants to purchase up to 16,666 shares of Company common stock at an exercise price of $3.00 per share. The warrants have an expiration of one year from the date of issuance. On September 15th the remaining principal and accrued interest of $3,222 was paid in full. In December 2013; the Company entered into a Loan Agreement with JMW Fund, LLC and issued an unsecured note payable in the amount of $36,000. The note bears interest at a rate of 12% per annum and is payable monthly on the first day of each month. The principal amount and all then-accrued and unpaid accrued interest is payable on June 11, 2014, no interest payments were made related to this note during the year ended 2013.

Transactions with San Gabriel Fund, LLC

San Gabriel Fund, LLC owns more than 5% of the outstanding shares of Company common stock. The Company entered into a Loan Agreement with San Gabriel Fund, LLC and issued a senior secured note payable in the amount of $100,000 on May 22, 2013. The note bore interest at a rate of 12% per annum and was payable monthly on the first day of each month. In August, principal in the amount of $99,996 was retired through the issuance of Series D preferred shares. In connection with this transaction, the San Gabriel Fund was issued warrants to purchase up to 16,666 shares of Company common stock at an exercise price of $3.00 per share. The warrants have an expiration of one year from the date of issuance. On September 15th the remaining principal and accrued interest of $3,222 was paid in full. In December 2013; the Company entered into a Loan Agreement with San Gabriel Fund, LLC and issued an unsecured note payable in the amount of $36,000. The note bears interest at a rate of 12% per annum and is payable monthly on the first day of each month. The principal amount and all then-accrued and unpaid accrued interest is payable on June 11, 2014, no interest payments were made related to this note during the year ended 2013.

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.

ITEM 14. Principal Accountant Fees and Services

Hein & Associates LLP ("Hein") has served as our independent registered public accounting firm since 2011 and audited our financial statements for the years ended December 31, 2013 and 2012.

For the years ended December 31, 2013 and 2012, the aggregate fees billed by Hein to the Company were as follows:

	Year ended December 31,	
	2013	**2012**
Audit fees [1]	$ 97,227	$ 103,185
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total accounting fees and services	$ 97,227	$ 103,185

(1) Audit fees includes the aggregate fees billed for professional services for the audit of our annual financial statements for the years ended December 31, 2013 and 2012 and the review of the financial statements included in our quarterly reports on Form 10-Q filed during the year ended December 31, 2013.

Audit Committee Pre-Approval

The Audit Committee reviews and approves in advance the retention of the independent auditors for the performance of all audit and non-audit services that are not prohibited and the fees for such services. Pre-approval of audit and non-audit services that are not prohibited may be approved pursuant to appropriate policies and procedures established by the Audit Committee for the pre-approval of such services, including through delegation of authority to a member of the Audit Committee or Company management. For the years ended December 31, 2013 and 2012, all audit fees were reviewed and approved in advance of such services.

PART IV

ITEM 15. Exhibits

The following exhibits are included with this report:

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Filing Date	Filed Here-with
			File No.	Exhibit		
2.1	Asset Purchase Agreement dated April 15, 2011	S-1	333-184948	2.1	11/14/12	
3.1	Certificate of Incorporation, as amended	10-Q	333-184948	3.1	8/8/13	
3.2	Bylaws, as amended					X
4.1	Specimen of Common Stock Certificate	S-1/A	333-184948	4.1	5/15/13	
4.2	Certificate of Designations of Series D Preferred Stock, as amended					X
10.1	Form of Senior Secured Promissory Note (part of a $1.5 million series of notes that were paid off in August 2012)	S-1	333-184948	10.1	11/14/12	
10.2*	Giles Performance Option Grant Notice dated April 15, 2011	S-1	333-184948	10.2	11/14/12	
10.3	Form of Investors' Rights Agreement	S-1	333-184948	10.3	11/14/12	
10.4	Form of Pledge Agreement	S-1	333-184948	10.4	11/14/12	
10.5*	Giles Consulting Agreement dated April 15, 2011	S-1	333-184948	10.5	11/14/12	
10.6	Form of HeatwurxAQ Right of First Refusal and Co-Sale Agreement dated April 15, 2011	S-1	333-184948	10.6	11/14/12	
10.7	Form of HeatwurxAQ Right of Voting Agreement dated April 15, 2011	S-1	333-184948	10.7	11/14/12	
10.8	HeatwurxAQ Subordinated Security Agreement dated April 15, 2011	S-1	333-184948	10.8	11/14/12	

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Filing Date	Filed Here-with
			File No.	Exhibit		
10.9	HeatwurxAQ Subordinated Note dated April 15, 2011	S-1	333-184948	10.9	11/14/12	
10.10*	Amended and Restated 2011 Equity Incentive Plan	S-1	333-184948	10.10	11/14/12	
10.11*	Form of Stock Option Agreement Under 2011 Equity Incentive Plan	S-1	333-184948	10.11	11/14/12	
10.12*	Form of Grant Notice under 2011 Equity Incentive Plan	S-1	333-184948	10.12	11/14/12	
10.13	Lease between Heatwurx, Inc. and Syracuse Hill II LLC dated July 18, 2012	S-1	333-184948	10.13	11/14/12	
10.14	Conformed Copy of Settlement and Mutual Release Agreement among Heatwurx, Inc. and Larry Griffin and David Eastman	S-1/A	333-184948	10.15	1/11/13	
10.15	Senior Loan Agreement dated May 22, 2013, with forms of Senior Secured Promissory Note and Senior Security Agreement attached	S-1/A	333-184948	10.15	5/23/13	
10.16	Subordination Agreement dated May 22, 2013, with Richard Giles	S-1/A	333-184948	10.16	5/23/13	
10.17	Form of Warrant Agreement - Unit offering (Series D)					X
10.18	Loan Agreement dated January 6, 2014, including the form of the Promissory Note and the Warrant Agreement	8-K	333-184948	99.1	1/9/14	
10.19	Agreement and Plan of Reorganization dated January 8, 2014 with Dr. Pave, LLC	8-K	333-184948	99.2	1/9/14	
14.1	Code of Ethics and Business Conduct	S-1	333-184948	14.1	11/14/12	
21.1	List of Subsidiaries					X
23.1	Consent of Hein & Associates LLP, Independent Registered Public Accounting Firm					X
24.1	Power of Attorney	S-1	333-184948	24.1	11/14/12	
31.1	Rule 15d-14a Certification by Principal Executive Officer					X
31.2	Rule 15d-14(a) Certification by Principal Financial Officer					X
32.1	Section 1350 Certification of Principal Executive Officer					X
32.2	Section 1350 Certification of Principal Financial Officer					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

*Management contract, or compensatory plan or arrangement, required to be filed as an exhibit.

SIGNATURE PAGE FOLLOWS

SIGNATURES

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

HEATWURX, INC.

Date: March 27, 2014	By:	/s/ David Dworsky David Dworsky, President and Chief Executive Officer (Principal Executive Officer)
Date: March 27, 2014	By:	/s/ Allen Dodge Allen Dodge, Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

NAME	TITLE	DATE
/s/ Reginald Greenslade Reginald Greenslade	Director & Chairman	March 27, 2014
/s/ Gus Blass III Gus Blass III	Director	March 27, 2014
/s/ Stephen Garland Stephen Garland	Director	March 27, 2014
/s/ Donald Larson Donald Larson	Director	March 27, 2014

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have not Registered Securities Pursuant to Section 12 of the Act

No annual report or proxy statement, form of proxy or other proxy soliciting material was sent or provided to shareholders during the year ended December 31, 2013.

AMENDED AND RESTATED BYLAWS

OF

HEATWURX, INC.
(A DELAWARE CORPORATION)

Adopted: October 22, 2012
Date

Amended: June 20, 2013

TABLE OF CONTENTS

AMENDED AND RESTATED BYLAWS

OF

HEATWURX, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place Of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("**DGCL**").

Section 5. Annual Meetings.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "**1934 Act**")) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting in accordance with the procedures below.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the corporation that are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) with respect to each nominee for election or re-election to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by Section 5(e) of these Bylaws, and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14(a)-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90^{th}) day nor earlier than the close of business on the one hundred twentieth (120^{th}) day prior to the first anniversary of the preceding year's annual meeting; *provided, however,* that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120^{th}) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90^{th}) day prior to such annual meeting or the tenth (10^{th}) day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class, series and number of shares of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

For purposes of Sections 5 and 6, a "**Derivative Transaction**" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

(w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation,

(x) that otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation,

(y) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or

(z) that provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member.

(c) A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors of the Board of Directors of the corporation is increased and there is no public announcement of the appointment of a director, or, if no appointment was made, of the vacancy, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder's notice required by this Section 5 and that complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(e) To be eligible to be a nominee for election or re-election as a director of the corporation pursuant to a nomination under clause (iii) of Section 5(a), such proposed nominee or a person on such proposed nominee's behalf must deliver (in accordance with the time periods prescribed for delivery of notice under Section 5(b)(iii) or 5(d), as applicable) to the Secretary at the principal executive offices of the corporation a written questionnaire with respect to the background and qualification of such proposed nominee and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the corporation in the questionnaire or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the corporation that has not been disclosed therein; and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with, all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation.

(f) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) of Section 5(a), or in accordance with clause (iii) of Section 5(a). Except as otherwise required by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(g) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however,* that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

(h) For purposes of Sections 5 and 6,

(i) "**public announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act; and

(ii) "**affiliates**" and "**associates**" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the "1933 Act").

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the authorized number of directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

(b) The Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at such special meeting otherwise than specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth (90^{th}) day prior to such meeting or the tenth (10^{th}) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(d) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however,* that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(c) of these Bylaws.

Section 7. Notice Of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be

waived by any stockholder by his attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting power of the shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment And Notice Of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of holder of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners Of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List Of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. [Reserved]

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or if no Chief Executive Officer is then serving or is absent, the President, or, if the President is absent, a Chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as Chairman. The Chairman of the Board may appoint the Chief Executive Officer as Chairman of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer or other person directed to do so by the Chairman of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters that are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number And Term Of Office. The authorized number of directors of the corporation shall not be more than seven (7) nor less than (2). Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Board of Directors

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, directors shall be elected at each annual meeting of stockholders to serve until the next annual meeting of stockholders. Each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 18. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders, provided, however, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the Secretary, in his or her discretion, may either (a) require confirmation from the director prior to deeming the resignation effective, in which case the resignation will be deemed effective upon receipt of such confirmation, or (b) deem the resignation effective at the time of delivery of the resignation to the Secretary. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal.

The Board of Directors or any individual director may be removed from office at any time (a) with cause by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the corporation, entitled to vote generally at an election of directors or (b) without cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all the then-outstanding shares of the capital stock of the corporation entitled to vote generally at an election of directors.

Section 21. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware that has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the Chief Executive Officer or a majority of the authorized number of directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum And Voting.

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 45 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided, however,* at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 24. Fees And Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in a resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place that has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Lead Independent Director. The Chairman of the Board of Directors, or if the Chairman is not an independent director, one of the independent directors, may be designated by the Board of Directors as lead independent director to serve until replaced by the Board of Directors ("**Lead Independent Director**"). The Lead Independent Director will: with the Chairman of the Board of Directors, establish the agenda for regular Board meetings and serve as chairman of Board of Directors meetings in the absence of the Chairman of the Board of Directors; establish the agenda for meetings of the independent directors; coordinate with the committee chairs regarding meeting agendas and informational requirements; preside over meetings of the independent directors; preside over any portions of meetings of the Board of Directors at which the evaluation or compensation of the Chief Executive Officer is presented or discussed; preside over any portions of meetings of the Board of Directors at which the performance of the Board of Directors is presented or discussed; and perform such other duties as may be established or delegated by the Chairman of the Board of Directors.

Section 27. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary or other officer, director, or other person directed to do so by the President, shall act as secretary of the meeting.

Section 28. Duties of Chairman of the Board of Directors. The Chairperson of the Board of Directors, which position shall not be deemed to be an office of the corporation for the purposes of DGCL Section 142 (and such person shall not be deemed an officer solely by virtue of holding the office of Chairperson), when present, shall preside at all meetings of the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chairperson shall be appointed by the Board of Directors and may be removed at any time by the Board of Directors.

ARTICLE V

OFFICERS

Section 29. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors or committee thereof to which the Board of Directors has delegated such responsibility.

Section 30. Tenure And Duties Of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairman of the Board of Directors or the Lead Independent Director has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation. The Chief Executive Officer shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairman of the Board of Directors, the Lead Independent Director, or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors (or the Chief Executive Officer, if the Chief Executive Officer and President are not the same person and the Board of Directors has delegated the designation of the President's duties to the Chief Executive Officer) shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant (unless the duties of the President are being filled by the Chief Executive Officer). The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(g) Duties of Treasurer. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation . The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors, the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and the Chief Financial Officer (if not the Treasurer) shall designate from time to time.

Section 31. Delegation Of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 32. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 33. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 34. Execution Of Corporate Instruments . The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 35. Voting Of Securities Owned By The Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 36. Form And Execution Of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 37. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner’s legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 38. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 39. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however,* that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 40. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 41. Execution Of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 36), may be signed by the Chairman of the Board of Directors, the Chief Executive Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall

have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 42. Declaration Of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 43. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 44. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 45. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "**executive officers**" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the extent not prohibited by the DGCL or any other applicable law; *provided, however,* that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further,* that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "**undertaking**"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this section, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right that such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term "**proceeding**" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "**expenses**" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "**corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "**director**," "**executive officer**," "**officer**," "**employee**," or "**agent**" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "**other enterprises**" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the corporation**" shall include any service as a director, officer, employee or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

ARTICLE XII

NOTICES

Section 46. Notices.

(a) Notice To Stockholders. Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by U.S. mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice To Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), as otherwise provided in these Bylaws, or by overnight delivery service, facsimile, telex or telegram, except that such notice other than one that is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit Of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice To Person With Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 47. Amendments. Subject to the limitations set forth in Section 45(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

APPROVED AND ADOPTED this 22nd day of October, 2012

AMENDED this 20th day of June, 2013

_____

Secretary

CERTIFICATE OF SECRETARY

I hereby certify that I am the Secretary of Heatwurx, Inc., and that the foregoing Bylaws, consisting of 20 pages, constitute the code of Bylaws of the Corporation, as duly adopted by unanimous written consent of the Board of Directors of the Corporation on October 22, 2012.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 22th day of October, 2012.

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS
OF
SERIES D 8% CONVERTIBLE PREFERRED STOCK
OF
HEATWURX, INC.

(As amended on November 20, 2013)

Pursuant to Section 151 of the
Delaware General Corporation Law

HEATWURX, INC. (the "**Company**"), a corporation organized and existing under the laws of the State of Delaware, hereby certifies that pursuant to the provisions of Section 151 of the Delaware General Corporation Law, its Board of Directors adopted the following resolution, which resolution remains in full force and effect as of the date hereof:

WHEREAS, the Board of Directors of the Company (the "**Board of Directors**") is authorized, within the limitations and restrictions stated in the Certificate of Incorporation of the Company (the "**Certificate of Incorporation**") , to fix by resolution or resolutions the designation of preferred stock and the powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof, including, without limiting the generality of the foregoing, such provisions as may be desired concerning voting, redemption, dividends, dissolution or the distribution of assets, conversion or exchange, and such other subjects or matters as may be fixed by resolution or resolutions of the Board of Directors under the Delaware General Corporation Law; and

WHEREAS, the Certificate of Incorporation of the Company authorizes 4,500,000 shares of preferred stock, $0.0001 par value per share (the "**Preferred Stock**"); and

WHEREAS, it is the desire of the Board of Directors of the Company, pursuant to its authority as aforesaid, to authorize and fix the terms of a series of Preferred Stock to be designated the Series D Preferred Stock of the Company and the number of shares constituting such series of Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that there is hereby authorized the Series D Preferred Stock consisting of 2,500,000 shares of Preferred Stock (the "**Series D Preferred Stock**") on the terms and with the provisions herein set forth below (with capitalized terms not otherwise defined herein having the meaning set forth in the Certificate of Incorporation):

1. Dividends. From and after the date of the issuance of any shares of Series D Preferred Stock, dividends shall be payable quarterly at the rate per annum of eight percent (8%) per share to the holders of Series D Preferred Stock on the last day of each fiscal quarter (the "**Series D Dividend**"). The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than the Series C Dividend and the Series D Dividend and dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of any series of Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to the greater of (i) the amount of the aggregate Accruing Dividends then accrued on such share of Preferred Stock and not previously paid and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Preferred Stock, as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock, and (2) the number of shares of Common Stock issuable upon

conversion of a share of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the original issue price of the outstanding Preferred Stock. The Series D Dividend shall be payable in cash or shares of Common Stock at the Closing Sale Price (as defined in Section 6.1) on the last trading day immediately preceding the due date of the Series D Dividend, or any combination thereof, at the option of the Corporation.

2. The "**Series D Original Issue Price**" is $3.00, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock.

3. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

3.1 Payments to Holders of Preferred Stock. In the event of any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or Deemed Liquidation Event (as defined in Subsection 3.3 below), holders of each share of Series D Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for distribution to holders of the Corporation's capital stock, *pari passu*, whether such assets are capital, surplus or earnings, an amount per outstanding share equal to the Series D Original Issue Price plus any Series D Dividends accrued but unpaid thereon, together with any other dividends declared but unpaid thereon (the "**Series D Liquidation Amount**"), before any sums shall be paid or any assets distributed among the holders of shares of Common Stock or shares ranking junior on liquidation to the Series D Preferred Stock. If the assets of the Corporation shall be insufficient to permit the payment in full to the holders of the Series D Preferred Stock of the amount thus distributable, then the entire assets of the Corporation available for such distribution shall be distributed among the holders of the Series D Preferred Stock on a *pro rata* basis.

3.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed on a *pro rata* basis among the holders of shares of Common Stock and shares of Preferred Stock (determined on the basis of the number of whole shares of Common Stock into which the shares of Preferred Stock are convertible) based on the number of shares held by each such holder.

3.3 Deemed Liquidation Events.

3.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of at least a majority of the outstanding shares of Series D Preferred, voting as a separate class, elect otherwise by written notice sent to the Corporation at least fifteen (15) days prior to the effective date of any such event:

a. a merger or consolidation in which

i. the Corporation is a constituent party, or

ii. a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation, or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Subsection 3.3.1, all shares of Common Stock issuable upon exercise of Options (as defined below) outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged); or

b. the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

c. The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in this Subsection 3.3.1 unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 3.1 and 3.2.

3.3.2 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license or other disposition shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

4. Voting. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series D Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series D Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series D Preferred Stock shall vote together with the holders of Common Stock as a single class.

5. Optional Conversion.

The holders of the Series D Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

5.1 Right to Convert.

5.1.1 Conversion Ratio. Each share of Series D Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series D Original Issuance Price by the then applicable Conversion Price, defined and determined as hereinafter provided, in effect on the date the certificate is surrendered for conversion. The initial conversion price per share for Series D Preferred Stock shall be the Series D Original Issue Price. Such Conversion Price shall be adjusted as hereinafter provided. As of the date hereof, each holder of Series D Preferred Stock will receive one share of Common Stock upon conversion of their shares of Series D Preferred Stock.

5.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of such amounts distributable on such event to the holders of Series D Preferred Stock.

5.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon the conversion of any share or shares of Series D Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series D Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

5.3 Mechanics of Conversion.

5.3.1 Notice of Conversion. In order for a holder of Series D Preferred Stock to voluntarily convert shares of Series D Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Series D Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series D Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Series D Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of

receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Series D Preferred Stock or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series D Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 5.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Series D Preferred Stock converted.

5.3.2 Reservation of Shares. The Corporation shall at all times when the Series D Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series D Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series D Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series D Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series D Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

5.3.3 Effect of Conversion. All shares of Series D Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 5.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Series D Preferred Stock so converted shall be returned to the authorized but unissued shares of Preferred Stock but may not be reissued as shares of Series D Preferred Stock, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series D Preferred Stock accordingly.

5.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on the Series D Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

5.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series D Preferred Stock pursuant to this Section 5. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series D Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

5.4 Adjustments to Conversion Price for Diluting Issues .

5.4.1 Special Definitions. For purposes of this Certificate of Designations, the following definitions shall apply:

a. "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

b. "**Original Issue Date**" shall mean the date on which the first share of the Series D Preferred Stock was issued.

c. "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

d. "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 5.4.3 below, deemed to be issued) by the Corporation after the Original Issue Date, other than the following shares of Common Stock, and shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (collectively "**Exempted Securities**"):

i. shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Series D Preferred Stock;

ii. shares of Common Stock issued upon conversion of the Series D Preferred Stock;

iii. shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 5.5, 5.6, 5.7 or 5.8;

iv. shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation;

v. shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

vi. shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, brokers, or to real property lessors, pursuant to a debt financing, equipment leasing, real property leasing transaction or similar transaction, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Corporation and the terms of which are approved by the Board of Directors of the Corporation;

vii. shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided, that such issuances are approved by the Board of Directors of the Corporation; or

viii. shares of Common Stock, Options or Convertible Securities issued to third parties in conjunction with services rendered, asset acquisitions, licenses of technology or strategic partnerships, the principal purpose of which is other than the raising of capital through the sale of equity securities of the Corporation and the terms of which are approved by the affirmative vote of the Board of Directors of the Corporation.

5.4.2 No Adjustment of Conversion Price on Agreement of Preferred Stock Holders . No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of a majority of the then outstanding shares of Series D Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

5.4.3 Deemed Issue of Additional Shares of Common Stock.

a. If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

b. If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Subsection 5.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible

Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have been obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

c. If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Subsection 5.4.4 (either because the consideration per share (determined pursuant to Subsection 5.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 5.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

d. Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Subsection 5.4.4, the Conversion Price shall be readjusted to such Conversion Price as would have been obtained had such Option or Convertible Security (or portion thereof) never been issued.

e. If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Subsection 5.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 5.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that

would result under the terms of this Subsection 5.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

5.4.4 Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 5.4.3), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issue, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

a. "CP_2" shall mean the Conversion Price in effect immediately after such issue of Additional Shares of Common Stock;

b. "CP_1" shall mean the Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

c. "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

d. "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

e. "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

5.4.5 Determination of Consideration. For purposes of this Subsection 5.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

a. Cash and Property: Such consideration shall:

i. insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

ii. insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

iii. in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

b. Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 5.4.3, relating to Options and Convertible Securities, shall be determined by dividing

i. the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

ii. the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

5.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Subsection 5.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

5.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, the Conversion Price for the Series D Preferred Stock in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price for the Series D Preferred Stock in effect immediately before the combination shall be proportionately increased

so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

5.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction:

5.6.1 the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

5.6.2 the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this Subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the Series D Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series D Preferred Stock had been converted into Common Stock on the date of such event.

5.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series D Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series D Preferred Stock had been converted into Common Stock on the date of such event.

5.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 3.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series D Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 5.4, 5.6 or 5.7), then, following any such reorganization, recapitalization, reclassification, consolidation, or merger each share of Series D Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the

Corporation issuable upon conversion of one share of Series D Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation, or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 5 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 5 (including provisions with respect to changes in and other adjustments of the respective Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series D Preferred Stock.

5.9 Written Notice as to Adjustments . Upon the occurrence of each adjustment or readjustment of the Conversion Price for the outstanding shares of Series D Preferred Stock pursuant to this Section 5, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series D Preferred Stock a written notice setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series D Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series D Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a written notice setting forth (a) the respective Conversion Price then in effect, and (b) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of the Series D Preferred Stock.

5.10 Notice of Record Date. In the event:

5.10.1 the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series D Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

5.10.2 of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

5.10.3 of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series D Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series D Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series D Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

6. Mandatory Conversion.

6.1 Trigger Events. Upon either (a) the giving of such notice to the holders of the Series D Preferred Stock following a Share Trigger Date, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of a majority of the then outstanding shares of Series D Preferred Stock, all outstanding shares of Series D Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective Conversion Price and (ii) such shares may not be reissued by the Corporation upon the occurrence of (a) or (b) above. As used herein, "**Share Trigger Date**" shall mean the date that the Closing Sale Price (as defined below) of the Common Stock equals or exceeds the greater of $4.50 or 1.5 times the then-applicable Conversion Price (as may be adjusted pursuant to Section 5) for a period of ten (10) consecutive trading days. The term "**Closing Sale Price**" shall mean the last closing price of the Common Stock on the OTCQB or similar quotation service or other principal trading market on which the Common Stock is traded as reported by the quotation service or exchange. If the Closing Sale Price cannot be calculated for the Common Stock on such date on any of the foregoing bases, the Closing Sale Price of such security on such date shall not be deemed to equal or exceed the price required for a Share Trigger Date to occur. The time of such notice or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**."

6.2 Procedural Requirements. All holders of record of shares of Series D Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series D Preferred Stock pursuant to this Section 6. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. All rights with respect to the Series D Preferred Stock converted pursuant to Section 6.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time, except only the rights of the holders thereof to receive the items provided for in the next sentence of this Subsection 6.2. As soon as practicable after the Mandatory Conversion Time for Series D Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 5.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion, and any Accruing Dividends accrued but unpaid on the shares of Series D Preferred Stock converted, whether or not declared, as well as any declared but unpaid dividends thereon, at the election of the Corporation, shall be paid in either cash or additional whole shares of Common Stock (with cash in lieu of fractional shares) valued at the Closing Sale Price, or any combination of the foregoing. Such converted Series D Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series D Preferred Stock accordingly.

7. Rank of Series D Preferred Stock. The Series D Preferred Stock shall rank on a parity with the Series A Preferred Stock, the Series B Preferred Stock, and the Series C Preferred Stock and shall rank senior to the Common Stock, and to all other classes and series of equity securities of the Company that by their terms do not rank senior to or on parity with the Series D Preferred Stock. The Series D Preferred Stock shall be subordinate to and rank junior to all indebtedness of the Company now or hereafter outstanding.

8. Redemption. The Series D Preferred Stock is not redeemable by the Corporation.

9. Acquired Shares. Any shares of Series D that are acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall be returned to the authorized but unissued shares of Preferred Stock. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series D following acquisition.

10. Waiver. Any of the rights, powers, preferences and other terms specific to the Series D Preferred Stock set forth herein may be waived on behalf of all holders of Series D Preferred Stock by the affirmative written consent or vote of the holders of a majority of the shares of Series D Preferred Stock then outstanding, voting as a separate class. All other rights, powers, preferences and other terms set forth herein may be waived on behalf of all holders of Series D Preferred Stock by the affirmative written consent or vote of the holders of a majority of the shares of Common Stock represented by the outstanding shares of Preferred Stock as if all shares of such class or series had been converted into Common Stock.

11. Notices. Any notice required or permitted by the provisions of this Certificate of Designations to be given to a holder of shares of Series D Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law of the State of Delaware, and shall be deemed sent upon such mailing or electronic transmission.

12. Specific Shall Not Limit General; Construction. No specific provision contained in this Certificate of Designation shall limit or modify any more general provision contained herein. This Certificate of Designation shall be deemed to be jointly drafted by the Company and all initial purchasers of the Series D Preferred Stock and shall not be construed against any person as the drafter hereof.

EXHIBIT I

HEATWURX, INC.
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of Series D 8% Convertible Preferred Stock of Heatwurx, Inc. (the "**Certificate of Designation**"). In accordance with and pursuant to the Certificate of Designation, the undersigned hereby elects to convert the number of shares of Series D Preferred Stock, par value $.0001 per share (the "**Preferred Stock**"), of Heatwurx, Inc., a Delaware corporation (the "**Company**"), indicated below into shares of Common Stock, par value $.0001 per share (the "**Common Stock**"), of the Company, by tendering the stock certificate(s) representing the share(s) of Preferred Stock specified below as of the date specified below.

Date of Conversion: _____

Number of shares of Preferred Stock to be converted: _____

Stock certificate no(s). of Preferred Stock to be converted: _____

The shares of Common Stock issuable upon such conversion have been sold pursuant to the Registration Statement: YES ____ NO____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Number of shares of Common Stock beneficially owned or deemed beneficially owned by the Holder on the Date of Conversion: _____

Please issue the Common Stock into which the shares of Preferred Stock are being converted and, if applicable, any check drawn on an account of the Company, in the following name and to the following address:

Issue to: _____
_____

Email Address or Facsimile Number: _____

Authorization: _____
By: _____
Title: _____

Dated:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED HEREBY MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT. THIS CERTIFICATE MUST BE SURRENDERED TO THE COMPANY OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, PLEDGE, HYPOTHECATION OR ANY OTHER TRANSFER OF ANY INTEREST IN ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE.

HEATWURX, INC.

WARRANT TO PURCHASE COMMON STOCK

Warrant No.: W-____
Number of Shares: _____
Date of Issuance: _____, 201____ (the "**Issuance Date**")

Heatwurx, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, _____, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon surrender of this Warrant to Purchase Common Stock (including all Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the date hereof, but not after 11:59 P.M., New York Time, on the Expiration Date (as defined below), _____ (_____) fully paid nonassessable shares of Common Stock (as defined below) (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 13. This Warrant is one of the Warrants to Purchase Common Stock (the "**Unit Warrants**") issued pursuant to the non-public offering by the Company of units (including the Warrants) commenced on or about June 21, 2013.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder; provided, however, that the Holder shall covenant in the Exercise Notice, that it will deliver the original Warrant to the Company within five (5) Business Days of such exercise. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first Business Day following the date on which the Company has received each of the Exercise Notice and the Aggregate Exercise Price (the "**Exercise Delivery Documents**"), the Company shall transmit by facsimile an acknowledgment of confirmation of receipt of the Exercise Delivery

Documents to the Holder and the Company's transfer agent (the " **Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall cause the transfer agent to issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Notice and Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 5(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. The Holder shall be required to pay any and all taxes, including without limitation, all documentary stamp, or transfer or similar taxes that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

(b) Exercise Price. For purposes of this Warrant, " **Exercise Price**" means $3.00 per share, subject to adjustment as provided herein. The Company reserves the right in its sole discretion to reduce the Exercise Price one or more times and to establish one or more periods prior to the Expiration Date during which this Warrant may be exercised at the reduced Exercise Price.

(c) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 10.

(d) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company shall pay to the Holder the cash value of the fractional share based upon the current market value of Common Stock as determined in the sole discretion of the Company.

(e) Compliance with Securities Laws.

(i) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the Common Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party; and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any Common Stock to be issued upon exercise hereof except under circumstances that will not result in a violation of the Securities Act or any state securities laws. Upon exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Common Stock so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

(ii) This Warrant and all Common Stock issued upon exercise hereof unless registered under the Securities Act shall be stamped or imprinted with a legend in substantially the following form (in addition to any legend required by state securities laws):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED HEREBY MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT. THIS CERTIFICATE MUST BE SURRENDERED TO THE COMPANY OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, PLEDGE, HYPOTHECATION OR ANY OTHER TRANSFER OF ANY INTEREST IN ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE.

(f) Reservation of Common Stock. So long as this Warrant is outstanding, the Company shall reserve from its authorized but unissued shares of Common Stock sufficient shares of Common Stock to issue to the Holder the Warrant Shares upon exercise of this Warrant.

2. ORGANIC CHANGE.

(a) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets to another Person or other transaction, in each case which is effected in such a way that holders of Common Stock are entitled to receive securities or assets with respect to or in exchange for Common Stock is referred to herein as an "**Organic Change**." Prior to the consummation of any (i) sale of all or substantially all of the Company's assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the Person issuing the securities or providing the assets in such Organic Change (in each case, the "**Acquiring Entity**") a written agreement to deliver to the Holder in exchange for this Warrant, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and reasonably satisfactory to the Holder of this Warrant (including an adjusted exercise price equal to the value for the Common Stock reflected by the terms of such Organic Change and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant), if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger or sale). In the event that an Acquiring Entity is directly or indirectly controlled by a company or entity whose common stock or similar equity interest is listed, designated or quoted on a securities exchange or trading market, the Holder may elect to treat such Person as the Acquiring Entity for purposes of this Section 2. Notwithstanding the foregoing, at the Holder's option and request, the Acquiring Entity shall purchase the Warrant from such Holder for a purchase price, payable in cash within five (5) Business Days after such request (or, if later, on the effective date of the Organic Change), equal to the value of the remaining unexercised portion of this Warrant on the date of such request, which value shall be computed using the Black-Scholes option pricing model with such assumptions and inputs as are reasonably satisfactory to the Company. The terms of any agreement pursuant to which an Organic Change is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 2 and insuring that the Warrants (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to an Organic Change. Prior to the consummation of any other Organic Change, the Company shall make appropriate provision to insure that the Holder thereafter will have the right to acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of this Warrant (without regard to any limitations on the exercise of this Warrant), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares of Common Stock which would have been acquirable and receivable upon the exercise of this Warrant as of the date of such Organic Change (without regard to any limitations on the exercise of this Warrant).

(b) If, prior to the exercise of this Warrant, the Company shall have effected one or more stock split-ups or stock dividends, any subdivision, consolidation or reclassification, or any other increases or reductions of the number of shares of its Common Stock outstanding without receiving reasonable compensation therefor in money, services, or property, the number of shares of Common Stock subject to this Warrant shall, (i) if a net increase shall have been effected in the number of outstanding shares of Common Stock, be proportionately increased, and the cash consideration payable per share shall be proportionately reduced, and, (ii) if a net reduction shall have been effected in the number of outstanding shares of Common Stock, be proportionately reduced and the cash consideration payable per share be proportionately increased.

3. NONCIRCUMVENTION. The Company hereby covenants and agrees that it will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder.

4. WARRANT HOLDER NOT DEEMED A STOCKHOLDER . Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the holder of this Warrant, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 4, the Company will provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

5. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. Subject to Section 11 hereof, if this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 5(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less then the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 5(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, the receipt of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 5(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Warrant Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 5(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional shares of Common Stock shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 5(a) or Section 5(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) except for new warrants issued pursuant to section 5(a), shall have an issuance date, as indicated on the face of such new Warrant, which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

6. NOTICES. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing (including electronic format) and shall be effective (i) upon delivery in person (including by reputable express courier service); (ii) upon delivery by facsimile (as verified by a printout showing satisfactory transmission) if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received; (iii) by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received; or (iv) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested. Such notices, demands, and other communications shall be sent to the Holder at the address, facsimile number or email address, as applicable, indicated on the records of the Company and to the principal executive offices, facsimile number, or email address of the Company posted on its website. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party hereto in accordance herewith.

7. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of the Unit Warrants representing at least a majority of the shares of Common Stock obtainable upon exercise of the Unit Warrants then outstanding.

8. GOVERNING LAW. This Warrant shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware.

9. JURISDICTIONAL MATTERS. The parties hereto irrevocably submit to the jurisdiction of the Courts of the State of Colorado located in Arapahoe County and the United States District Court for the District of Colorado in any action arising out of or relating to this Warrant, and hereby irrevocably agree that all claims in respect of such action may be heard and determined in such state or federal court. The parties hereto irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties further agree, to the extent permitted by law, that final and unappealable judgment against any of them in any action or proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which shall be conclusive evidence of the fact and amount of such judgment. If any legal action or other proceeding is brought for the enforcement of this Warrant, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Warrant, the successful or prevailing party or parties will be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. TRANSFER. This Warrant may not be offered for sale, sold, transferred or assigned without the consent of the Company.

12. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(b) "**Common Stock**" means (i) the Company's common stock, par value $0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

(c) "**Expiration Date**" means **July 31, 2014**, or, if such date falls on a day other than a Business Day (a " **Holiday**"), the next date that is not a Holiday; provided that the Company retains the right in its sole discretion to extend the Expiration Date one or more times.

(d) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

HEATWURX, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A
EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK

HEATWURX, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("**Warrant Shares**") of Heatwurx, Inc., a Delaware corporation (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the " **Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Payment of Exercise Price. The holder herewith tenders the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

2 . Representations and Warranties . Each of the representations and warranties made by the holder in the subscription agreement or representation form pertaining to the acquisition of the Warrant remain true and correct in all material respects as of the date of this notice.

3 . Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

4. Delivery of Warrant. The Holder shall deliver the original Warrant to the Company within five (5) Business Days from the date hereof.

Date: _____, _____

Name of Registered Holder

By: _____

Name: _____

Title: _____

LIST OF SUBSIDIARIES
HEATWURX, INC.

Heatwurx, Inc., a Delaware corporation, has one wholly owned subsidiary:

- Dr. Pave, LLC, a California limited liability company.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated March 27, 2014, accompanying the financial statements of Heatwurx, Inc., also incorporated by reference in the Form S-8 Registration Statement with registration number 333-190697 of Heatwurx, Inc., and to the use of our name and the statements with respect to us, as appearing under the heading "Experts" in the Registration Statement.

/s/ Hein & Associates LLP

Hein & Associates LLP

Denver, Colorado
March 27, 2014

Certifications

I, David Dworsky, certify that:

1. I have reviewed this Form 10-K for the twelve months ended December 31, 2013, of Heatwurx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: March 27, 2014

/s/ David Dworsky
David Dworsky, President and Chief Executive Officer
(Principal Executive Officer)

Certifications

I, Allen Dodge, certify that:

1. I have reviewed this Form 10-K for the twelve months ended December 31, 2013, of Heatwurx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: March 27, 2014

/s/ Allen Dodge
Allen Dodge, Chief Financial Officer
(Principal Accounting and Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Heatwurx, Inc. (the "Company") on Form 10-K for the twelve months ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned principal executive officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: March 27, 2014

/s/ David Dworsky
David Dworsky,
President & Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Heatwurx, Inc. (the "Company") on Form 10-K for the twelve months ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned principal financial and accounting officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: March 27, 2014

/s/ Allen Dodge
Allen Dodge,
Chief Financial Officer
(Principal Financial and Accounting Officer)