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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

OR

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

Commission file number: 33-2783-S

Sigma Labs, Inc.

(Exact name of registrant as specified in its charter)

NEVADA	82-0404220
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

100 Cienega Street, Suite D
Santa Fe, NM 87501
(Address of principal executive offices)

(505) 438-2576
(Registrant's telephone number)

223 East Palace Avenue, Suite B
Santa Fe, New Mexico 87501
(Former Name or Former Address, if Changed Since Last Report

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer ☐	Accelerated Filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 9, 2012, the issuer had427,667,400 shares of common stock issued and 423,667,400 shares outstanding.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

SIGMA LABS, INC.

For the quarter ended September 30, 2012

FORM 10-Q

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PART I

ITEM 1. FINANCIAL STATEMENTS.

Sigma Labs, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
September 30, 2012 and December 31, 2011

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current Assets		
Cash	$ 326,225	$ 653,113
Accounts Receivable, net	169,395	263,973
Prepaid Assets	12,456	28,195
Total Current Assets	**508,076**	**945,281**
Other Assets		
Furniture and Equipment, net	15,305	31,674
Intangible Assets, net	232,980	299,241
Total Other Assets	**248,285**	**330,915**
TOTAL ASSETS	**$ 756,361**	**$ 1,276,196**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 153,952	$ 153,852
Accrued Expenses	25,328	20,850
Total Current Liabilities	**179,280**	**174,702**
TOTAL LIABILITIES	179,280	174,702
Stockholders' Equity		
Preferred Stock, $0.001 par; 10,000,000 shares authorized;		
None issued and outstanding	-	-
Common Stock, $0.001 par; 750,000,000 shares authorized;		
427,667,400 issued and 423,667,400 outstanding at September 30, 2012 and 429,667,400 issued and 414,917,400 outstanding at December 31, 2011	427,667	429,667
Additional Paid-In Capital	2,211,244	2,298,902
Less Deferred Compensation		
4,000,000 and 14,750,000 common shares, respectively	(80,000)	(295,000)
Retained Earnings (Deficit)	(1,981,830)	(1,332,075)
Total Stockholders' Equity	**577,081**	**1,101,494**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 756,361**	**$ 1,276,196**

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

Sigma Labs, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
Three Months and Nine Months Ended September 30, 2012 and 2011

	Three Months Ended		Nine Months Ended	
	09-30-2012	09-30-2011 (Restated)	09-30-2012	09-30-2011 (Restated)
INCOME				
Services	$ 456,369	$ 369,613	$ 650,094	$ 670,126
Total Revenue	**456,369**	**369,613**	**650,094**	**670,126**
COST OF SERVICE REVENUE	265,946	22,042	440,507	173,644
GROSS PROFIT	**190,423**	**347,571**	**209,587**	**496,482**
EXPENSES				
General & Administration	142,921	252,111	470,509	559,806
Payroll Expense	62,712	132,699	264,212	501,927
Non-cash Stock Compensation	-	-	125,000	97,000
Total Expenses	**205,633**	**384,810**	**859,721**	**1,158,733**
OTHER INCOME (EXPENSE)				
Interest Income	103	450	493	980
Interest Expense	-	-	(114)	-
Total Other Income (Expense)	**103**	**450**	**379**	**980**
INCOME (LOSS) BEFORE INCOME TAXES	**(15,107)**	**(36,789)**	**(649,755)**	**(661,271)**
Current Income Tax Expense	-	-	-	-
Deferred Income Tax Expense	-	-	-	-
Net Income (Loss)	**$ (15,107)**	**$ (36,789)**	**$ (649,755)**	**$ (661,271)**
Loss per Common Share - Basic and Diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**423,667,400**	**379,917,400**	**419,411,013**	**353,950,885**

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

Sigma Labs, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2012 and 2011

	Nine Months Ended 09-30-2012	Nine Months Ended 09-30-2011 (Restated)
OPERATING ACTIVITIES		
Net Income (Loss)	$ (649,755)	$ (661,271)
Adjustments to reconcile Net Income (Loss) to Net Cash used by operations:		
Noncash Expenses:		
Amortization	66,260	860
Depreciation	16,369	14,618
Stock Compensation	125,000	211,500
Change in assets and liabilities:		
(Increase) Decrease in Accounts Receivable	94,578	95,895
(Increase) in Prepaid Assets	15,739	370
(Decrease) Increase in Accounts Payable	101	18,656
Increase In Accrued Expenses	4,478	29,334
NET CASH (USED) BY OPERATING ACTIVITIES	**(327,230)**	**(290,038)**
INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	-	(8,904)
Purchase of Intangible Assets	-	-
NET CASH (USED) BY INVESTING ACTIVITIES	**-**	**(8,904)**
FINANCING ACTIVITIES		
Contributions	342	-
Proceeds from Sale of Stock Subscription	-	-
Net Proceeds from Sale of Common Stock	-	1,011,765
Cash Acquired (Paid) in Reorganization	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**342**	**1,011,765**
NET CASH INCREASE (DECREASE) FOR PERIOD	**(326,888)**	**712,823**
CASH AT BEGINNING OF PERIOD	653,113	226,268
CASH AT END OF PERIOD	**$ 326,225**	**$ 939,091**
Supplemental Disclosure for Cash Flow Information		
Cash paid during the period for:		
Interest	$ 114	$ -
Income Taxes	$ -	$ -

Supplemental Schedule of Noncash Investing and Financing Activities:

For the nine months ended September 30, 2012
5,000,000 shares of common stock issued for consulting services at $0.01 per share
7,000,000 unvested shares of common stock were cancelled, and deferred compensation was reduced by $140,000, or $0.02 per share
3,750,000 shares vested relating to the Company's Equity Incentive Plan, reducing deferred compensation by $75,000

For the nine months ended September 30, 2011
5,725,000 shares of common stock issued for consulting services at $0.02 per share
20,000,000 shares of common stock issued for employee equity plan at $0.02 per share
The Company issued 7,931,250 warrants valued at $158,625 as a stock offering cost

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

NOTE 1 – Summary of Significant Accounting Policies

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

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

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

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

La Mancha Company is a small business with a broad spectrum of scientific disciplines that provides consulting services to the private sector, especially with regard to emerging technologies, alternative applications of established technologies, and assessment of development and maintenance programs for strategic technologies. The Company's principal product is scientific and technological knowledge, gained through academic discipline, research activities and application experience. La Mancha, formed in 1982, expanded in 1993 with the addition of retired scientists and technical managers from the Los Alamos National Laboratory. The Company offers consulting services that are based on sound science, an unprejudiced perspective and multi-disciplined capabilities at reasonable rates. La Mancha Company's primary work is to provide risk assessment consulting as well as technical and management consulting, often in the international environment. The firm maintains extensive contacts, both public and private, in Latin America, Europe, Asia and the Middle East, as well as with top levels of the U.S. Government.

Basis of Presentation – The accompanying consolidated financial statements have been prepared by the Company in accordance with Article 8 of U.S. Securities and Exchange Commission Regulation S-X. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2012 and 2011 and for the periods then ended have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Management suggests these condensed consolidated financial statements be read in conjunction with the December 31, 2011 audited consolidated financial statements and notes thereto included in the Company's Form 10-K. The results of operations for the periods ended September 30, 2012 and 2011 are not necessarily indicative of the operating results for the full year.

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

Principles of Consolidation – The consolidated financial statements for September 30, 2012 include the accounts of Sigma Labs, Inc., B6 Sigma, Inc., Sumner and Lawrence Limited and La Mancha Company. All significant intercompany balances and transactions have been eliminated.

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

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

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

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

The Company has no tax positions at September 30, 2012 and December 31, 2011 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the nine months ended September 30, 2012, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at September 30, 2012 and 2011 or December 31, 2011. All tax years starting with 2009 are open for examination.

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

Allowance for Doubtful Accounts - The Company establishes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained based on a variety of factors, including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The allowance for doubtful accounts at September 30, 2012 and December 31, 2011 is $4,884 and $4,884, respectively.

Long-Lived and Intangible Assets – Long-lived assets and certain identifiable definite life intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment was recorded during the nine months ended September 30, 2012 or the year ended December 31, 2011.

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

Accounting Standards Update ("ASU") ASU's No. 2009-2 through ASU No. 2012-07 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

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

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

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

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

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

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

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated by management.

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

NOTE 2 – Stockholders' Equity

Common Stock

The Company has authorized 750,000,000 shares of common stock, $0.001 par value. At September 30, 2012, there were 427,667,400 shares issued and 423,667,400 shares outstanding, reflecting 4,000,000 issued but unvested shares pursuant to the Company's Equity Incentive Plan. At December 31, 2011, there were 429,667,400 shares issued and 414,917,400 shares outstanding, reflecting 14,750,000 issued but unvested shares pursuant to the Company's Equity Incentive Plan.

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

Deferred Compensation

During April 2011, the Company issued to five employees an aggregate of 20,000,000 shares of the Company's common stock, subject to restrictions, pursuant to the Equity Incentive Plan. Such shares were valued at the fair value of $400,000 or $0.02 per share. This compensation is being expensed over the vesting period. As of December 31, 2011, 5,250,000 of the shares had vested. As of September 30, 2012, the balance of unvested compensation cost expected to be recognized is $80,000 and is recorded as a reduction of stockholders' equity. The unvested compensation is expected to be recognized over the weighted average period of approximately 1.5 years (through April 8, 2014).

During the nine months ended September 30, 2012, 7,000,000 shares of unvested common stock valued at $140,000 (previously included in deferred compensation) was cancelled or forfeited.

During the nine months ended September 30, 2012, an additional 3,750,000 shares of common stock valued at $75,000 vested and was recorded to expense and as a reduction to deferred compensation.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, $0.001 par value. There were none issued and outstanding at September 30, 2012 and December 31, 2011.

NOTE 3 – Going Concern

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

NOTE 4 – Loss Per Share

The following data show the amounts used in computing loss per share and the effect on income and the weighted average number of shares of dilutive potential common stock for the period ended September 30, 2012 and 2011:

	3 Months Ending		9 Months Ending	
	09-30-12	09-30-11 (Restated)	09-30-12	09-30-11 (Restated)
Loss from continuing Operations available to Common stockholders (numerator)	$ (15,107)	$ (36,789)	$ (649,755)	$ (661,271)
Weighted average number of common shares Outstanding used in loss per share during the Period (denominator)	423,667,400	379,917,400	419,411,013	353,950,885

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

NOTE 5 – Acquisition of Sumner and La Mancha

On December 31, 2011, Sigma Labs acquired 100% of the issued and outstanding common stock of Sumner and La Mancha Company, both companies with services which complement its own. Proforma information related to the acquisition for the periods ending in 2011 is as follows:

Revenues and earnings:

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

	3 months ended 09-30-11	9 months ended 09-30-11
Total Revenues (unaudited)	$ 776,102	$ 1,575,226
Net Income (Loss) (unaudited)	$ 13,846	$ (975,725)
Earnings (Loss) per share	$ (0.00)	$ (0.00)

NOTE 6 – Restatement

The Company has restated its financial statements for the quarterly period ended September 30, 2011. The significant changes made are further described and summarized below.

During April 2011 the Company issued an aggregate of 20,000,000 shares of restricted common stock as compensation to 5 employees pursuant to the company's 2011 Equity Incentive Plan and recorded an expense of $400,000. However, only an aggregate of 4,850,000 shares of the total shares, valued at $97,000, had vested as of September 30, 2011, resulting in an overstatement of non-cash expenses of $303,000. Thus our net loss reported was also overstated by $303,000.

The following tables highlight the significant areas of change:

	Three Months Ended September 30, 2011		
	As Previously Reported September 30, 2011	Restated September 30, 2011	Change
Total Assets	$ 1,085,338	$ 1,085,338	$ 0
Total Liabilities	$ 92,986	$ 92,986	$ 0
Stockholders' Equity	$ 992,352	$ 992,352	$ 0
Net Income (Loss)	$ (36,789)	$ (36,789)	$ 0
Income (Loss) available to common stockholders	$ (36,789)	$ (36,789)	$ 0
Basic Loss per share	$ 0	$ 0	$ 0

	Nine Months Ended September 30, 2011		
	As Previously Reported September 30, 2011	Restated September 30, 2011	Change
Total Assets	$ 1,085,338	$ 1,085,338	$ 0
Total Liabilities	$ 92,986	$ 92,986	$ 0
Stockholders' Equity	$ 992,352	$ 992,352	$ 0
Net Income (Loss)	$ (964,271)	$ (661,271)	$ 303,000
Income (Loss) available to common stockholders	$ (964,271)	$ (661,271)	$ 303,000
Basic Loss per share	$ 0	$ 0	$ 0

NOTE 7 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were issued and determined there are no items to disclose, except as noted below.

Subsequent to the balance sheet date, the Company entered into an amended office space lease agreement with an initial term beginning October 1, 2012 and ending September 30, 2013 with an option to renew the lease for one extended term of one year. Rent is due in monthly installments of $3,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-looking statements

This Quarterly Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including any projections of revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011 and elsewhere in this report.

Introductory Comment

Our predecessor, Framewaves, Inc., a Nevada corporation, was incorporated in December 1985 as "Messidor Limited." In December 2000, Messidor Limited's shareholders approved a name change to "Framewaves, Inc." Framewaves, Inc. was a shell company (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934) immediately prior to the September 2010 Reorganization (the "Reorganization") with no ongoing operations, and was focused on seeking a business opportunity. See further discussion of the Reorganization under the caption "The Reorganization" included under Item 1 ("Business"), Part I of our Annual Report on Form 10-K for the year ended December 31, 2011.

B6 Sigma, Inc., a Delaware corporation ("B6 Sigma"), was incorporated in February 2010. Three members of our current management team worked together at Technology Management Company, Inc., a New Mexico corporation ("TMC"), before leaving to form B6 Sigma. On September 13, 2010, Framewaves entered into a share exchange agreement with B6 Sigma and the shareholders of B6 Sigma pursuant to which Framewaves acquired all of the issued and outstanding shares of B6 Sigma. Following the closing of the transactions contemplated by the share exchange agreement, B6 Sigma became our wholly owned subsidiary.

On December 31, 2011, the Company completed its acquisition ofSumner & Lawrence Limited (dba Sumner Associates) ("Sumner") and La Mancha Company ("La Mancha"), New Mexico corporations incorporated in 1985 and 1982, respectively, under an Exchange Agreement and Plan of Reorganization dated as of December 10, 2011.

Throughout this Quarterly Report on Form 10-Q, unless otherwise indicated or the context otherwise requires, the term "B6 Sigma" refers to B6 Sigma, Inc., a Delaware corporation and the operating company acquired in connection with the Reorganization; the terms "Sumner" and "La Mancha" refer to Sumner & Lawrence Limited (dba Sumner Associates) and La Mancha Company, New Mexico corporations; and the terms the "Company," "Sigma," "we," "us" and "our" refers to Sigma Labs, Inc. (f/k/a Framewaves, Inc.), together with B6 Sigma, Inc., Sumner & Lawrence Limited and La Mancha Company, our wholly owned subsidiaries.

Overview of Business

B6 Sigma is a company that specializes in the development and commercialization of innovative manufacturing and materials technologies. Pursuant to an asset purchase agreement, B6 Sigma acquired certain assets from a division of TMC in exchange for the surrender of certain securities of TMC previously issued to the founders of B6 Sigma. The assets acquired include equipment, contracts, licenses and intellectual property relating to our IPQA® technology. See further discussion of our IPQA® technology under the caption "Products and Services" included under Item 1 ("Business"), Part I of our Annual Report on Form 10-K for the year ended December 31, 2011.

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

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

We anticipate that our primary business focus will continue to be in the (i) deployment and implementation of our IPQA® technology to all appropriate manufacturing businesses, and (ii) development and commercialization of additional breakthrough technologies and innovations in the materials and manufacturing sciences. We will continue to expand our operations in this regard, including investigating additional opportunities for applications of our technology as well as undertaking further development efforts towards the commercialization of various technologies we have identified.

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

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

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

Critical Accounting Policies

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

Results of Operations

We expect to generate revenues primarily by licensing or marketing and deploying our technology solutions to businesses that seek to improve their production processes and/or manipulate and improve the most functional characteristics of the materials and other input components used in their business operations. However, we presently make no sales of these technologies. During the three months and nine months ended September 30, 2012, we recognized revenues of $456,369 and $650,094, respectively, as compared to $369,613 and $670,126, respectively, in revenues that we generated during the same periods in 2011. The revenues we generated during the three months and nine months ended September 30, 2012 and 2011 were primarily generated from consulting services we provided to third parties during these periods.

Our general and administrative expenses for the three and nine months ended September 30, 2012 were $142,921 and $470,509, respectively, as compared to $252,111 and $559,806, respectively, for the same periods in 2011. Our payroll expenses for the three and nine months ended September 30, 2012 were $62,712 and $264,212, respectively, as compared to $132,699 and $501,927, respectively, for the same periods in 2011. Our expenses relating to non-cash stock compensation for the three and nine months ended September 30, 2012 were $0 and $125,000, respectively, as compared to $0 and $97,000, respectively, for the same periods in 2011.

General and administrative expenses principally include organizational expenses and outside services fees, the largest component of which consists of services in connection with our obligations as an SEC reporting company, in addition to other legal and accounting fees. The net decrease in payroll expenses for the three and nine months ended September 30, 2012 as compared to the same period in 2011 is principally the result of the voluntarily reduction by the executive officers of Sigma Labs of their respective salaries.

We expect our general and administrative expenses to increase significantly for the remainder of 2012 as we continue to actively pursue our business plans and increase our operations and marketing. Similarly, we expect our payroll and non-cash compensation expenses to increase as we continue to grow our business.

Our net loss for the three and nine months ended September 30, 2012 decreased overall and totaled $15,107 and $649,755, respectively, as compared to $36,789 and $661,271, respectively, for the same periods in 2011.

Liquidity and Capital Resources

As of September 30, 2012, we had $326,225 in cash and had a working capital surplus of $328,796, as compared with $653,113 in cash and a working capital surplus of $770,579 as of December 31, 2011. Effective April 15, 2011, in a private placement offering with accredited investors, we sold an aggregate of 55,875,000 shares of Sigma Labs common stock, for aggregate net proceeds of $1,011,765. We plan to obtain additional funding through private sales of equity and/or debt securities.

We plan to generate revenues primarily by marketing and selling our manufacturing quality control and materials technologies. However, for the period from our inception through September 30, 2012, we generated revenues and financed our operations primarily from consulting services we provided during this period and through private sales of Sigma Labs common stock.

We believe that our continued development in fiscal 2012 of our manufacturing quality control technologies will enable us to reach commercialization of this technology during the first half of 2013. We will continue to refine IPQA® for the emerging Additive Manufacturing market and our other technologies, including our dental implant biomedical prosthetics technology, for commercialization during fiscal 2013. However, until commercialization of such technologies, we plan to fund our development activities and operating expenses by providing consulting services concerning our areas of expertise, i.e., materials and manufacturing quality control technologies, and through the use of proceeds from sales of our securities.

We also expect our revenues to increase on a consolidated basis as a result of consulting contracts that we have. As of November 9, 2012, B6 Sigma has 3 active consulting contracts with respect to which we expect to perform and generate up to $400,000 in revenues during the fourth quarter of 2012. As of November 9, 2012, Sumner has 7 active consulting contracts, which Sumner expects to perform and generate up to $61,000 in revenues during the fourth quarter of 2012. La Mancha has no active consulting contracts.

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

We have no credit lines or facilities as of November 9, 2012, nor have we ever had a credit facility since our inception. We will continue to evaluate potential future sources of capital, as we do not currently have commitments from any third parties to provide us with additional capital.

Based on the funds we have as of November 9, 2012 and the revenues we expect to receive under our consulting agreements, we believe that we will have sufficient funds to pay our administrative and other operating expenses for the balance of 2012. Until we are able to generate significant revenues from sales of our technologies, our ability to continue to fund our liquidity and working capital needs will be dependent upon revenues from existing and future consulting contracts and proceeds received from sales of our securities.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, including our chief executive officer and treasurer, evaluated the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 (“Exchange Act”) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Based on that evaluation, we have concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures are effective at a reasonable assurance level in ensuring that information required to be disclosed by us in our reports is recorded, processed, summarized and reported within the required time periods. The foregoing conclusion is based, in part, on the fact that we are a small public company in the early stage of our business, with limited revenues and employees. Based upon our evaluation, we also concluded that there was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

Not applicable.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION

Effective November 9, 2012, Richard Mah resigned as a director of the Company. Mr. Mah's resignation is not the result of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Mah plans to provide the Company with consulting services in the future.

ITEM 6. EXHIBITS

3.1	Amended and Restated Bylaws of Sigma Labs, Inc. (filed as Exhibit 3.1 to the Company's Form 10-Q, filed on August 14, 2012, for the period ended June 30, 2012, and incorporated herein by reference).
31.1	Rule 13a-14(a) Certification of Principal Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Rule 13a-14(a) Certification of Principal Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements 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.

	SIGMA LABS, INC.
November 14, 2012	By: /s/ Mark Cola Mark Cola President and Chief Executive Officer (Principal Executive Officer)
November 14, 2012	By: /s/ Monica Yaple Monica Yaple Treasurer (Principal Financial Officer)

EXHIBIT 31.1

Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.

I, Mark Cola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sigma Labs, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: November 14, 2012

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

EXHIBIT 31.2

Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.

I, Monica Yaple, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sigma Labs, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: November 14, 2012

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

EXHIBIT 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

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

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 14, 2012

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

EXHIBIT 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

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

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 14, 2012

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