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, 2014

OR

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

Commission file number: 033-02783-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.)

3900 Paseo del Sol
Santa Fe, NM 87507
(Address of principal executive offices)

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

100 Cienega Street, Suite C
Santa Fe, NM 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 12, 2014, the issuer had 618,241,061 shares of common stock issued and 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, 2014

FORM 10-Q

TABLE OF CONTENTS

PART I

ITEM 1. FINANCIAL STATEMENTS.

Sigma Labs, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
September 30, 2014 and December 31, 2013

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current Assets		
Cash	$ 3,682,533	$ 992,448
Accounts Receivable, net	48,007	303,445
Inventory	49,264	1,167
Prepaid Assets	17,791	25,074
Total Current Assets	**3,797,595**	**1,322,134**
Other Assets		
Furniture and Equipment, net	25,201	11,419
Equipment Deposit	241,333	-
Deferred Stock Offering Costs	108,380	17,426
Intangible Assets, net	74,750	70,494
Total Other Assets	**449,664**	**99,339**
TOTAL ASSETS	**$ 4,247,259**	**$ 1,421,473**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 96,800	$ 102,625
Accrued Expenses	46,241	38,536
Total Current Liabilities	**143,041**	**141,161**
TOTAL LIABILITIES	143,041	141,161
Stockholders' Equity		
Preferred Stock, $0.001 par; 10,000,000 shares authorized;		
None issued and outstanding	-	-
Common Stock, $0.001 par; 750,000,000 shares authorized;		
618,241,061 issued and 612,641,061 outstanding at September 30, 2014 and 559,766,061 issued and 556,816,061 outstanding at December 31, 2013	618,241	559,766
Additional Paid-In Capital	9,658,788	3,561,204
Less Deferred Compensation		
5,600,000 and 2,950,000 common shares, respectively	(618,800)	(88,900)
Retained Earnings (Deficit)	(5,554,011)	(2,751,758)
Total Stockholders' Equity	**4,104,218**	**1,280,312**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 4,247,259**	**$ 1,421,473**

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, 2014 and 2013

	Three Months Ended		Nine Months Ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
INCOME				
Services	$ 92,449	$ 280,831	$ 322,091	$ 753,080
Total Revenue	**92,449**	**280,831**	**322,091**	**753,080**
COST OF SERVICE REVENUE	36,326	159,367	176,954	395,846
GROSS PROFIT	**56,123**	**121,464**	**145,137**	**357,234**
EXPENSES				
General & Administration	296,085	181,562	712,264	463,911
Payroll Expense	84,865	29,137	387,564	184,963
Non-cash Stock Compensation	215,550	96,500	566,950	213,200
Warrant Expense	-	-	1,283,333	-
Total Expenses	**596,500**	**307,199**	**2,950,111**	**862,074**
OTHER INCOME (EXPENSE)				
Interest Income	939	308	2,721	319
Total Other Income (Expense)	**939**	**308**	**2,721**	**319**
INCOME (LOSS) BEFORE INCOME TAXES	**(539,438)**	**(185,427)**	**(2,802,253)**	**(504,521)**
Current Income Tax Expense	-	-	-	-
Deferred Income Tax Expense	-	-	-	-
Net Income (Loss)	**$ (539,438)**	**$ (185,427)**	**$ (2,802,253)**	**$ (504,521)**
Loss per Common Share - Basic and Diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**616,610,626**	**533,549,034**	**607,463,863**	**466,440,698**

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, 2014 and 2013

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
OPERATING ACTIVITIES		
Net Income (Loss)	$ (2,802,253)	$ (504,521)
Adjustments to reconcile Net Income (Loss) to Net Cash (used) provided by operations:		
Noncash Expenses:		
Amortization	1,732	66,263
Depreciation	4,666	9,151
Stock Compensation	566,950	213,200
Warrant Expense	1,283,333	-
Change in assets and liabilities:		
Decrease in Accounts Receivable	255,438	74,457
(Increase) in Inventory	(48,097)	-
Decrease in Prepaid Assets	7,283	13,770
(Decrease) in Accounts Payable	(5,825)	(5,068)
Increase In Accrued Expenses	7,705	8,922
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(729,068)**	**(123,826)**
INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(259,781)	(8,359)
Purchase of Intangible Assets	(5,988)	-
NET CASH (USED) BY INVESTING ACTIVITIES	**(265,769)**	**(8,359)**
FINANCING ACTIVITIES		
Proceeds from Sale of Stock Subscription	4,000,000	1,171,099
Stock Offering Costs	(315,078)	-
Contributions	-	28,313
NET CASH PROVIDED BY FINANCING ACTIVITIES	**3,684,922**	**1,199,412**
NET CASH INCREASE (DECREASE) FOR PERIOD	**2,690,085**	**1,067,227**
CASH AT BEGINNING OF PERIOD	992,448	150,071
CASH AT END OF PERIOD	**$ 3,682,533**	**$ 1,217,298**
Supplemental Disclosure for Cash Flow Information		
Cash paid during the period for:		
Interest	$ -	$ -
Income Taxes	$ -	$ -

Supplemental Schedule of Noncash Investing and Financing Activities:

For the nine months ended September 30, 2014

6,000,000 shares issued to employees at $0.129 per share. Of these, 1,500,000 vested during the period and 4,500,000 are unvested.
375,000 shares issued for consulting services at $0.126 per share.
Warrants to purchase 14,259,259 shares of common stock were issued in conjunction with the sale of common stock.
Warrants to purchase 2,187,500 shares of common stock were issued to a consultant as part of a stock offering.
1,850,000 shares vested relating to the Company's Equity Incentive Plan, reducing deferred compensation by $50,600.
850,000 shares issued to two employees and a director at $0.136 per share.
1,250,000 shares issued for consulting services at $0.128 per share.
Warrants to purchase 2,037,037 shares of common stock were issued in conjunction with the sale of common stock.
Warrants to purchase 312,500 shares of common stock were issued to a consultant as part of a stock offering.

For the nine months ended September 30, 2013

5,098,661 shares issued through a cashless exercise of warrants previously issued during 2011
1,000,000 shares issued relating to the Compmany's Equity Incentive Plan at $0.065 per share.
500,000 shares issued for consulting services at $0.063 per share.
4,250,000 shares issued for consulting services at $0.03 per share. Of these, 1,500,000 vested during the six months and 2,750,000 were cancelled.
500,000 shares of unvested stock valued at $10,000 or $0.02 per share were cancelled.
2,000,000 shares issued for consulting services at $0.0243 per share. Of these, 1,000,000 vested during the six months and 1,000,000 are unvested.
500,000 shares issued for consulting services at $0.0248 per share.
1,750,000 shares vested relating to the Company's Equity Incentive Plan, reducing deferred compensation by $35,000

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

NOTE 1 – Summary of Significant Accounting Policies

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

B6 Sigma, Inc., incorporated February 5, 2010, was founded by a group of scientists, engineers and businessmen to develop and commercialize novel and unique manufacturing and materials technologies. Management believes that some of these technologies will fundamentally redefine conventional quality assurance and control practices by embedding quality assurance and process control into the manufacturing process in real time. The Company anticipates that its core technologies will allow its clientele to combine advanced manufacturing quality assurance and control protocols with novel materials to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, prosthetic implants and power generation.

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

Sumner is a private consulting company that provided services to the public and private sector. The Company plans to dissolve Sumner during fiscal 2014.

Basis of Presentation – The accompanying consolidated financial statements have been prepared by the Company in accordance with Article 8 of U.S. Securities and Exchange Commission Regulation S-X. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2014 and 2013 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, 2013 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, 2014 and 2013 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, 2014 include the accounts of Sigma Labs, Inc., B6 Sigma, Inc. and Sumner & Lawrence Limited. 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, 2014 and December 31, 2013 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, 2014, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at September 30, 2014 and 2013, or December 31, 2013. All tax years starting with 2010 are open for examination.

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

Accounts Receivable and Allowance for Doubtful Accounts - Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. We determine the allowance for doubtful accounts by identifying potential troubled accounts and by using historical experience and future expectations applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded as income when received. The allowance for doubtful accounts at September 30, 2014 and December 31, 2013 was $4,884 and $4,884 respectively.

Long-Lived and Intangible Assets – Long-lived assets and certain identifiable definite life intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment was recorded during the nine months ended September 30, 2014. During the year ended December 31, 2013, an impairment of $87,340 was recorded to reduce the value of customer contacts intangible assets of Sumner as management plans to discontinue servicing the related contracts in 2014.

Recently Enacted Accounting Standards – The FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants.

Recent Accounting Standards Updates ("ASU") through ASU No. 2014-16 contain technical corrections to existing guidance or affects guidance to specialized industries. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

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

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

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

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

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

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

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

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

Deferred Stock Offering Costs - Costs related to proposed stock offerings are deferred and will be offset against the proceeds of the offering in additional paid-in capital. In the event a stock offering is unsuccessful, the costs related to the offering will be written-off directly to expense.

Inventory – Inventories consist of purchased parts which will be resold to customers. Inventories are valued at the lower of cost or market.

Research and Development - Research and Development costs are expensed as they are incurred and are included in General and Administration expense. Research and development costs for the three and nine months ended September 30, 2014 were $76,561 and $183,137, respectively. Research and development costs for the three and nine months ended September 30, 2013 were $8,525 and $13,052, respectively.

NOTE 2 – Furniture and Equipment

3D Metal Printer – On August 14, 2014, the Company and EOS GmbH (EOS) finalized their agreement with respect to the purchase by the Company of a state-of-the art 3D metal printer Model M290 from EOS for purposes of making parts for users of performance and safety critical components. The printer will also serve as an in-house test bed for future upgrades to Sigma Labs commercially available PrintRite 3D quality assurance system. As of September 30, 2014, the Company has capitalized $241,333 towards the purchase. The Company estimates that the total cost will be $724,000 and will be completed during the fourth quarter of 2014.

NOTE 3– Stockholders' Equity

Common Stock

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

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

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

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

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

The placement agent received a total of $105,735 in commissions. The direct cost associated with the stock offering has been reflected as a reduction to Additional Paid-in-Capital. Net proceeds from the sale of stock were $1,011,765. The Company also issued to the agent five year warrants to purchase up to 7,931,250 shares of the Company's common stock. Such warrants had an exercise price of $0.025 per share and are valued at $158,625. During July 2013, such warrants were exercised using the cashless exercise option resulting in 5,098,661 shares being issued.

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

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

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

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

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

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

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

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

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

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

On May 23, 2013, the Company issued 2,000,000 shares of the Company's common stock to a consultant as noncash compensation for services to be rendered valued at $45,400 or $0.0227 per share. Of these shares, 1,000,000 (valued at $22,700) vested immediately and 1,000,000 (valued at $22,700) remain unvested and are reflected as deferred compensation as of September 30, 2014.

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

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

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

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

On October 31, 2013, in conjunction with the appointment of a director as a member of the Company's Board of Directors, the Company issued 500,000 shares of the Company's common stock to the director as noncash compensation valued at $78,000 or $0.156 per share. Of these shares, 300,000 (valued at $46,800) vested immediately, 100,000 (valued at $15,600) vested in April 2014 and 100,000 (valued at $15,600) remain unvested and are reflected as deferred compensation as of September 30, 2014.

In January 2014, the Company issued 43,750,000 shares of stock to an investor for a total purchase price of $3,500,000. In connection with the purchase and sale of the shares, the Company agreed to issue to the investor a warrant to purchase up to 14,259,259 shares of the Company's common stock, at an exercise price of $0.15 per share. The warrant has a term of nine months from the date of issuance (January 10, 2014) and had a fair value of approximately $1,212,037. In May 2014, the term of the warrant was extended by nine months to expire in July 2015 and had a fair market value in excess of the remaining fair market value of the original warrant of approximately $1,283,333. A warrant was also issued as part of the offering to a consultant to purchase up to 2,187,500 shares of common stock at $0.08 per share, valued at approximately $271,250. The warrant has a term of two years from the date of issuance (January 10, 2014). Offering costs paid from the proceeds of the offering were approximately $199,089.

The fair value of the warrant of $1,212,037 was calculated using a Black-Scholes option pricing model with the following assumptions: expected life of nine months, expected volatility of 202%, a risk-free interest rate of 0.09%, and an expected dividend yield of 0%. The fair value of the warrant of $271,250 was calculated using a Black-Scholes option pricing model with the following assumptions: expected life of two years, expected volatility of 201%, a risk-free interest rate of 0.39%, and an expected dividend yield of 0%.

The fair value of the new warrant related to the extension of the warrant expiration of $1,283,333 (net) was calculated using a Black-Scholes option pricing model with the following assumptions: expected life of 14 months, expected volatility of 226%, a risk-free interest rate of 0.1%, and an expected dividend yield of 0%.

In February 2014, the Company issued 375,000 shares of stock to a consultant, subject to restrictions. The shares were valued at $0.126 or $47,250. Of these shares, 200,000 (valued at $25,200) vested during the quarter ended March 31, 2014 and 175,000 (valued at $22,050) vested during the quarter ended September 30, 2014.

In April 2014, the Company issued 850,000 shares of common stock to two employees and one director for services valued at $0.136 per share or $115,600.

In June 2014, the Company issued 1,250,000 shares of common stock to a consultant as noncash compensation for services to be rendered valued at $0.128 per share or $160,000.

In June 2014, the Company issued 6,250,000 shares of stock to an investor for a total purchase price of $500,000. In connection with the purchase and sale of the shares, the Company agreed to issue to the investor a warrant to purchase up to 2,037,037 shares of the Company's common stock, at an exercise price of $0.15 per share. The warrant has a term of one year from the date of issuance (June 4, 2014) and had a fair value of approximately $132,407. A warrant was also issued as part of the offering to a consultant to purchase up to 312,500 shares of common stock at $0.08 per share, valued at approximately $36,250. The warrant has a term of two years from the date of issuance (June 4, 2014). Offering costs paid from the proceeds of the offering were approximately $25,035.

The fair value of the warrant of $132,407 was calculated using a Black-Scholes option pricing model with the following assumptions: expected life of one year, expected volatility of 163%, a risk-free interest rate of 0.1%, and an expected dividend yield of 0%. The fair value of the warrant of $36,250 was calculated using a Black-Scholes option pricing model with the following assumptions: expected life of two years, expected volatility of 287%, a risk-free interest rate of 0.41%, and an expected dividend yield of 0%.

On March 15, 2013, the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan. The 2013 Equity Inventive Plan was approved by holders of at least a majority of the issued and outstanding shares of common stock of the Company on October 10, 2013. Pursuant to the Equity Plan, the Company is authorized to grant options, restricted stock and stock appreciation rights to purchase up to 30,000,000 shares of common stock to its employees, officers, directors, consultants and advisors.

The Company has authorized 750,000,000 shares of common stock, $0.001 par value. At September 30, 2014, there were 618,241,061 shares issued and 612,641,061 outstanding, reflecting 5,600,000 issued but unvested shares pursuant to the Company's 2011 and 2013 Equity Incentive Plans. At December 31, 2013, there were 559,766,061 shares issued and 556,816,061 shares outstanding, reflecting 2,950,000 issued but unvested shares pursuant to the Company's 2011 Equity Incentive Plan.

Deferred Compensation

During April 2011, the Company issued to five employees an aggregate of 20,000,000 shares of the Company's common stock, subject to restrictions, pursuant to the 2011 Equity Incentive Plan. Such shares were valued at the fair value of $400,000 or $0.02 per share. This compensation has been expensed over the vesting period.

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

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

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

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

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

During the nine months ended September 30, 2014, 375,000 shares of common stock were issued to a consultant at $0.126 per share.

During the nine months ended September 30, 2014, an additional 1,750,000 shares of common stock valued at $35,000 vested and were recorded to expense and as a reduction to deferred compensation.

During July 2014, the Company issued to three employees an aggregate of 6,000,000 shares of the Company's common stock, subject to restrictions, pursuant to the 2013 Equity Incentive Plan. Such shares were valued at the fair value of $774,000 or $0.129 per share. This compensation is being expensed over the vesting period. As of September 30, 2014, the balance of unvested compensation cost expected to be recognized is $580,500 (4,500,000 shares valued at $0.129) and is recorded as a reduction of stockholders' equity. The unvested compensation is expected to be recognized over the weighted average period of approximately 3 years (through July 2017).

As of September 30, 2014, the balance of unvested compensation cost expected to be recognized is $618,800 and is recorded as a reduction of stockholder's equity. As of December 31, 2013, the balance of unvested compensation cost expected to be recognized is $88,900 and is recorded as a reduction of stockholders' equity. The unvested compensation is expected to be recognized over the weighted average period of approximately 3 years (through July 2017).

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, 2014 or December 31, 2013.

Warrants

At September 30, 2014, the Company had four outstanding warrants for a total of 18,796,296 shares. Of these, 16,296,296 are exercisable at $0.15 per share and 2,500,000 are exercisable at $0.08 per share.

NOTE 4 – Registration Statement on Form S-3

As previously reported, during September 2014 the Company filed a Registration Statement on Form S-3 with the Securities and Exchange Commission (SEC). If and when the Registration Statement is declared effective by the SEC, the Company will be able to offer and sell, from time to time, up to $100,000,000 of securities, including shares of the Company's common stock and preferred stock, debt securities and warrants, either individually or in units, the terms of which will be described in prospectus supplements filed with the SEC, as applicable. Concurrently with the filing of the Registration Statement, the Company entered into an At The Market Offering Agreement, or sales agreement, with Ascendiant Capital Markets, LLC ("Ascendiant"), pursuant to which the Company may offer and sell from time to time through Ascendiant, acting as sales agent and/or principal, shares of our common stock having an aggregate offering price of up to $25,000,000. We have agreed to pay Ascendiant a commission rate of 3% of the gross sales price per share of any of our shares of common stock sold through Ascendiant, as agent, under the sales agreement. The offer and sale of our shares through Ascendiant will be registered pursuant to the Registration Statement. No sales will be made under the sales agreement or the Registration Statement, generally, until the Registration Statement has been declared effective by the SEC. As of September 30, 2014 no securities have been sold under the Registration Statement.

NOTE 5 - Continuing Operations

The Company has sustained losses and has negative cash flows from operating activities since its inception. The Company has also had decreasing revenues in recent periods. However, the Company has raised significant equity capital and is currently developing new product lines to increase future revenues. Management believes they have adequate working capital to fund their plans through 2015.

NOTE 6 – Loss Per Share

The following data show the amounts used in computing loss per share and the effect on income and the weighted average number of shares of dilutive potential common stock for the periods ended September 30, 2014 and 2013:

	3 Months Ending		9 Months Ending	
	09-30-14	09-30-13	09-30-14	09-30-13
Loss from continuing Operations available to Common stockholders (numerator)	$ (539,438)	$ (185,427)	$ (2,802,253)	$ (504,521)
Weighted average number of common shares Outstanding used in loss per share during the Period (denominator)	616,610,626	533,549,034	607,463,863	466,440,698

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 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.

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

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 our wholly-owned, operating company acquired in September 2010; the terms the "Company," "Sigma," "we," "us" and "our" refer to Sigma Labs, Inc., together with B6 Sigma, Inc. Sigma conducts substantially all of its operations through B6 Sigma.

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, 2013 and elsewhere in this report.

Overview of Business

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

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

Our current business plan and principal business activities include the continued development of our In-Process Quality Assurance™ (IPQA®) suite of technologies and eventual commercialization of both our IPQA® and materials-related suite of technologies, with our main focus currently on the additive manufacturing ("AM") or 3D Printing industry for metal parts. Our strategy is to leverage our manufacturing and materials knowledge, experience and capabilities through the following means: (i) identify, develop and commercialize manufacturing and materials technologies designed to improve manufacturing and quality control practices, and create innovative products in a variety of industries; and (ii) provide engineering consulting services in respect of our manufacturing and materials technology expertise to third parties that have needs in developing next-generation technologies for materials and manufacturing projects. We are presently engaged in a variety of activities in which we seek to commercialize technologies and products in the following industry sectors:

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

We expect to generate revenues primarily by selling or licensing our manufacturing and materials technologies. We expect that our continued development in fiscal 2014 of our IPQA® technology will enable us to begin commercializing this technology in the remainder of 2014 and early 2015 for the AM metal market. We plan to assist our commercialization partners with marketing-related activities for those advanced materials-related technologies, including our dental implant biomedical prosthetics technology, for which we seek possible commercialization in the future. However, we presently make no sales of these technologies and generate no revenues therefrom. Since its inception, B6 Sigma has generated revenues primarily from engineering consulting services it provides to third parties.

Our board of directors and management comprise scientists and business professionals with extensive experience in the energy and advanced manufacturing and materials technology markets. These individuals collectively possess over 100 years of experience working in the advanced manufacturing and materials technology space. As such, we believe we possess the resident expertise to provide engineering consulting services to other companies regarding their manufacturing operations, or to companies seeking to improve the design of their products by using alternative next-generation materials or improving certain characteristics of the original input material, on a fee for services basis. Accordingly, in addition to our primary business focus, we intend to generate revenues by providing such engineering consulting services to businesses seeking the same. Such consulting services may not necessarily involve deployment of our own technologies and may be limited to consulting with respect to the development, exploitation or improvement of the client’s own technology.

Additionally, our President and Chief Executive Officer has worked at or with United States Department of Energy (“DOE”) national laboratories (including the Knolls Atomic Power Laboratory, Bettis Atomic Power Laboratory, Los Alamos National Laboratory and Sandia National Laboratory) over the last 20 years. Due to his work with the DOE, our President and Chief Executive Officer has 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.

The Company acquired Sumner & Lawrence Limited (dba Sumner Associates) in December 2011. Sumner Associates was a private consulting company that provided services to the public and private sector. The Company expects to complete the dissolution of Sumner Associates during the fourth quarter of 2014.

Corporate Information

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

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

B6 Sigma was incorporated in February 2010. One member of our current management team worked at Technology Management Company, Inc., a New Mexico corporation, before leaving to form B6 Sigma. Pursuant to an asset purchase agreement, B6 Sigma acquired certain assets from a division of TMC in exchange for the surrender of certain securities of TMC previously issued to the founders of B6 Sigma. The assets acquired include equipment, contracts, licenses and intellectual property relating to our IPQA® technology.

Recent Developments (in reverse chronological order)

Model 290 3D Metal Printer Purchase

The Company has purchased a state-of-the-art Model 290 3D metal printer from Electro Optical Systems (EOS) GmbH for the purpose of making parts for users of performance-and safety-critical components. The printer will also serve as an in-house test bed for future upgrades to our commercially-available PrintRite3D quality assurance system. The printer was delivered to our offices in October 2014. The Company expects to complete the installation and integration of the printer with our PrintRite3D® quality assurance system by the end of December 2014.

Contract from Honeywell Aerospace as part of a Defense Advanced Research Project Agency (DARPA) Phase II award.

On November 3, 2014, we announced the receipt of a contract from Honeywell Aerospace as part of a DARPA Phase II award; Phase I work was completed earlier in 2014. The DARPA program’s goal is to develop an Integrated Computational Material Engineering framework to accurately predict the properties of metal components produced using additive manufacturing. Phase II work is expected to begin in the fourth quarter and run through mid-2016, with a total award value to Sigma Labs of approximately $0.5 million, subject to the achievement by us of certain milestones.

Contract from Edison Welding Institute (EMI) as part of grant from the U.S. Department of Commerce's National Institute of Standards and Technology (NIST)

On September 23, 2014, we announced the receipt of an initial contract from EMI as part of the previously-announced grant from the U.S. Department of Commerce's NIST for the development of in-process sensing and monitoring capabilities to ensure consistent quality in 3D printing. The grant, worth $5 million in total, was awarded to a group of universities, laboratories, and companies in the field of additive manufacturing; Sigma Labs’ contract will evaluate the company’s PrintRite3D® technology for monitoring and control applications. Under the contract, we expect to generate an aggregate of approximately $150,000 in revenues by the end of the second quarter of 2015.

Release of PrintRite3D® INSPECT™ quality assurance software

On September 8, 2014, we announced the commercial launch of our PrintRite3D® INSPECT™ quality assurance software. The PrintRite3D® INSPECT™ software addresses one of the three challenges currently confronting the 3D printing of metal parts, namely getting the right quality. For the most critical applications like aerospace and defense, there remains a considerable amount of variation part-to-part, run-to-run, and machine-to-machine. Accordingly, extensive post-process inspection is required. PrintRite3D® INSPECT™, when coupled with PrintRite3D® SENSORPAK™, real-time multi-sensors and hardware platform, generates part quality metrics and reports during manufacturing, eliminating post-manufacturing quality inspection. PrintRite3D® INSPECT™ also provides manufacturing engineers with part quality metrics and reports based on rigorous statistical analysis of manufacturing process data, and permits non-suspect parts to by-pass traditional post-process inspection.

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 direct sales or licensing our technology solutions to businesses that seek to improve their manufacturing 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 and generate no revenues therefrom. During the three and nine months ended September 30, 2014, we recognized revenues of $92,449 and $322,091, respectively, as compared to $280,831 and $753,080 in revenues that we generated during the same periods in 2013. The decrease in revenues was primarily caused by the fact that a contract held by Sumner Associates was not renewed in 2014, as well as the unanticipated delay in the commencement of our work with respect to the above-described contracts from Honeywell Aerospace and EWI. The revenues we generated during the nine months ended September 30, 2014 and 2013 were primarily generated from consulting services we provided to third parties during these periods. We expect that our revenue will increase in future periods as we commence our services under the contracts from Honeywell Aerospace and EWI, and as we seek to commercialize our technologies, including from obtaining anticipated contract manufacturing orders in connection with our new Model 290 3D metal printer. Our costs of service revenue for the three and nine months ended September 30, 2014 were $36,326 and $176,954, respectively, as compared to $159,367 and $395,846 for the same periods in 2013.

Our general and administrative expenses for the three and nine months ended September 30, 2014 were $296,085 and $712,264, respectively, as compared to $181,562 and $463,911 for the same periods in 2013. Our payroll expenses for the three and nine months ended September 30, 2014 were $84,865 and $387,564, respectively, as compared to $29,137 and $184,963 for the same periods in 2013. Our expenses relating to non-cash stock compensation for the three and nine months ended September 30, 2014 were $215,550 and $566,950, respectively, as compared to $96,500 and $213,200 for the same periods in 2013. Our warrant expenses for the three and nine months ended September 30, 2014 were $0 and $1,283,333, respectively, as compared to $0 and $0 for the same periods in 2013.

General and administrative expenses principally include operating expenses and outside service fees, the largest component of which consists of services in connection with our obligations as an SEC reporting company, in addition to other legal and accounting fees. The net increase in payroll expenses for the three and nine months ended September 30, 2014 as compared to the same periods in 2013 is principally the result of a performance bonus paid by us in the first quarter of 2014 in the amount of $175,000 to our President and Chief Executive Officer. Another reason for the net increase in payroll expenses is the addition of three full-time employees in the third quarter of 2014. The net increase in general and administrative expenses for the three and nine months ended September 30, 2014 as compared to the same periods in 2013 is principally the result of increased research and development costs, personnel costs, investor relations expenditures and consultant services provided to us due to our growing operations.

We expect our general and administrative expenses to increase for the remainder of 2014 as we seek to commercialize our IPQA®-related technologies and increase our marketing. Similarly, we anticipate that our payroll and non-cash compensation expenses will continue to increase as we add employees as we grow our business.

Our net loss for the three and nine months ended September 30, 2014 increased substantially over the prior year and totaled $539,438 and $2,802,253, respectively, as compared to $185,427 and $504,521 for the same periods in 2013. The increase in our net loss was the result of decreases in revenues and increased general and administrative expenses, payroll expenses, non-cash compensation expenses and warrant expenses. The largest factor in the increased net loss during the nine months ended September 30, 2014 is the warrant expense associated with the extension in June 2014 of the expiration date of an outstanding warrant to purchase shares of the Company's common stock by nine months.

Liquidity and Capital Resources

As of September 30, 2014, we had $3,682,533 in cash and had a working capital surplus of $3,654,554, as compared with $992,448 in cash and a working capital surplus of $1,180,973 as of December 31, 2013. On January 10, 2014, we sold an aggregate of 43,750,000 shares of our common stock in a private offering with an accredited investor for aggregate net proceeds of $3,300,911. On June 4, 2014, we sold an aggregate of 6,250,000 shares of our common stock in a private offering with an accredited investor for aggregate net proceeds of $474,965.

We plan to generate revenues primarily by marketing and selling our manufacturing and materials technologies. However, for the period from our inception through September 30, 2014, we generated revenues and financed our operations primarily from engineering consulting services we provided during this period and through private sales of Sigma common stock.

We expect that our continued development of our IPQA® technology (i.e., PrintRite3D®) will enable us to begin commercializing this technology in the remainder of 2014 and early 2015 for the AM metal market. However, until commercialization of our technologies, we plan to continue funding our development activities and operating expenses by providing consulting services concerning our areas of expertise, i.e., materials and manufacturing quality assurance technologies, and through the use of proceeds from sales of our securities.

As of November 14, 2014, B6 Sigma has three active consulting contracts with respect to which we expect to generate up to approximately $235,000 in revenues during the fourth quarter of 2014, subject to the achievement by us of certain performance milestones

Some of our consulting contracts, including the contracts from Honeywell Aerospace and EMI, 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 14, 2014, 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 14, 2014 and the proceeds we expect to receive under our consulting agreements and from offerings of the Company's common stock, we believe that we will have sufficient funds to pay our administrative and other operating expenses through 2015. Until we are able to generate significant revenues and royalties from sales or licensing 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, possible strategic partnerships, contract manufacturing orders in connection with our new 3D metal printer, and proceeds received from sales of our securities. Accordingly, we may have to obtain additional capital from the sale of additional securities or by borrowing funds from private lenders to fulfill our business plans. There is no assurance that we will be successful in obtaining additional funding. If we fail to obtain sufficient funding when needed, we may be forced to delay, scale back or eliminate all or a portion of our commercialization efforts.

If we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we may have to curtail or cease our operations. No assurance can be given that we will be able to obtain sufficient capital to meet our requirements.

We have purchased from EOS GmbH a Model 290 3D metal printer for $724,000, with payments in three equal installments. The first payment was made in September 2014, the second payment was made in October 2014, and the final payment is expected to be made in November 2014.

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 President and Chief Executive Officer, and Principal Financial Officer, 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.

Not applicable.

ITEM 6. EXHIBITS.

10.1	At The Market Offering Agreement, dated as of September 23, 2014, between Sigma Labs, Inc. and Ascendiant Capital Markets, LLC (incorporated by reference to Exhibit 1.1 to the Registration Statement on Form S-3 filed by Sigma Labs, Inc. on September 23, 2014).
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

* Filed herewith.

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, 2014	By: /s/ Mark J. Cola Mark J. Cola President and Chief Executive Officer (Principal Executive Officer)
November 14, 2014	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 J. 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, 2014

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

EXHIBIT 31.2

Certification of the Principal Financial Officer 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, 2014

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, 2014 (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, 2014

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

EXHIBIT 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

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

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2014 (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, 2014

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