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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2019

OR

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

Commission file number: 001-38015

Sigma Labs, Inc.
(Exact name of registrant as specified in its charter)

NEVADA	27-1865814
(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value $0.001 per share	SGLB	The NASDAQ Stock Market LLC
Warrants to Purchase Common Stock, par value $0.001 per share	SGLBW	The NASDAQ Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).
Yes [X] No [ ]

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. **[ ]**

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 14, 2019, the issuer had 13,812,590 shares of common stock outstanding.

SIGMA LABS, INC.

FORM 10-Q

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Sigma Labs, Inc.
Condensed Balance Sheets
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash	$ 696,390	$ 1,279,782
Accounts Receivable, net	37,982	38,800
Note Receivable	79,875	121,913
Inventory	570,426	240,086
Prepaid Assets	68,718	67,255
Total Current Assets	**1,453,391**	**1,747,836**
Other Assets:		
Property and Equipment, net	205,538	277,944
Intangible Assets, net	510,718	404,978
Investment in Joint Venture	500	500
Total Other Assets	**716,756**	**683,422**
TOTAL ASSETS	**$ 2,170,147**	**$ 2,431,258**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 368,055	$ 217,488
Notes Payable	50,000	50,000
Deferred Revenue	78,773	51,498
Accrued Expenses	271,154	376,833
Total Current Liabilities	**767,982**	**695,819**
TOTAL LIABILITIES	**767,982**	**695,819**
Commitments & Contingencies		
Stockholders' Equity		
Preferred Stock, $0.001 par; 10,000,000 shares authorized; None issued and outstanding, respectively	-	-
Common Stock, $0.001 par; 22,500,000 shares authorized; 10,937,590, and 8,776,629 issued and outstanding, respectively	10,938	8,777
Additional Paid-In Capital	24,243,575	21,501,407
Accumulated Deficit	(22,852,348)	(19,774,745)
Total Stockholders' Equity	**1,402,165**	**1,735,439**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 2,170,147**	**$ 2,431,258**

See accompanying notes to condensed financial statements.

Sigma Labs, Inc.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
REVENUES	$ 33,582	$ 98,663	$ 98,032	$ 202,078
COST OF REVENUE	60,625	68,568	157,180	142,363
GROSS PROFIT	**(27,043)**	**30,095**	**(59,148)**	**59,715**
OPERATING EXPENSES:				
Salaries & Benefits	581,356	426,049	1,093,916	824,706
Stock-Based Compensation	220,360	423,067	474,566	584,589
Operating R&D Costs	118,845	95,045	264,117	217,022
Investor & Public Relations	157,318	103,197	315,107	283,596
Legal & Professional Service Fees	218,919	177,929	403,489	316,352
Office Expenses	184,068	110,936	350,178	206,042
Depreciation & Amortization	49,203	48,253	97,586	95,574
Other Operating Expenses	38,994	38,035	77,203	71,760
Total Operating Expenses	**1,569,064**	**1,422,511**	**3,076,162**	**2,599,641**
LOSS FROM OPERATIONS	(1,596,107)	(1,392,416)	(3,135,310)	(2,539,926)
OTHER INCOME (EXPENSE)				
Interest Income	7,016	3,719	12,798	17,086
State Incentives	-	-	51,877	-
Exchange Rate Gain (Loss)	(2,264)	1,304	(2,710)	1,304
Interest Expense	(2,136)	(1,411)	(4,258)	(1,411)
Loss on Disposal of Assets	-	-	-	(36,733)
Total Other Income (Expense)	**2,616**	**3,612**	**57,707**	**(19,754)**
LOSS BEFORE PROVISION FOR INCOME TAXES	**(1,593,491)**	**(1,388,804)**	**(3,077,603)**	**(2,559,680)**
Provision for income Taxes	-	-	-	-
Net Loss	**$ (1,593,491)**	**$ (1,388,804)**	**$ (3,077,603)**	**$ (2,559,680)**
Net Loss per Common Share – Basic and Diluted	**$ (0.15)**	**$ (0.25)**	**$ (0.31)**	**$ (0.48)**
Weighted Average Number of Shares Outstanding – Basic and Diluted	10,777,590	5,572,015	10,063,806	5,286,362

See accompanying notes to condensed financial statements.

Sigma Labs, Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	June 30, 2019	**June 30, 2018**
OPERATING ACTIVITIES		
Net Loss	$ (3,077,603)	$ (2,559,680)
Adjustments to reconcile Net Loss to Net Cash used in operating activities:		
Noncash Expenses:		
Depreciation and Amortization	97,586	95,574
Stock Based Compensation	474,150	594,915
Loss on Write-off of Asset	-	36,733
Change in assets and liabilities:		
Accounts Receivable	818	41,028
Interest Receivable	27,038	38,139
Inventory	(330,340)	47,100
Prepaid Assets	(1,463)	(9,613)
Accounts Payable	150,567	187,495
Deferred Revenue	27,275	34,026
Accrued Expenses	(105,678)	21,764
NET CASH USED IN OPERATING ACTIVITIES	**(2,737,650)**	**(1,472,519)**
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(23,796)	(41,968)
Purchase of Intangible Assets	(107,124)	(60,147)
Payment Received from Notes Receivable	15,000	632,197
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(115,920)**	**530,082**
FINANCING ACTIVITIES		
Proceeds from issuance of Series B Preferred & Warrants	-	1,000,000
Proceeds from issuance of Series C Preferred & Warrants	-	350,000
Gross Proceeds from issuance of Common Stock and Warrants	2,521,220	2,040,100
Less Offering Costs	(326,890)	(443,700)
Proceeds from exercise of Warrants	75,848	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**2,270,178**	**2,946,400**
NET CHANGE IN CASH FOR PERIOD	**(583,392)**	**2,003,963**
CASH AT BEGINNING OF PERIOD	1,279,782	1,515,674
CASH AT END OF PERIOD	**$ 696,390**	**$ 3,519,637**
Supplemental Disclosures:		
Noncash investing and financing activities disclosure:		
Conversion of Convertible Debt for Stock	$ -	(50,000)
Other noncash operating activities disclosure:		
Issuance of Common Stock for services	$ 153,000	$ 256,264
Disclosure of cash paid for:		
Interest	$ 2,514	$ 8,761
Income Taxes	$ -	$ -

See accompanying notes to condensed financial statements.

Sigma Labs, Inc.
Statement of Stockholders' Equity
For the Three and Six Months Ended June 30, 2019 and 2018
(Unaudited)

	Common Stock								
	Shares Outstanding		**Common Stock**		**Additional Paid-in Capital**		**Accumulated Deficit**		**Total**
Balances, January 1, 2019	8,776,629	$	8,777	$	21,501,407	$	(19,774,745)	$	1,735,439
Net Loss	-		-		-		(1,484,112)		(1,484,112)
Shares sold in Public Offering	1,400,800		1,401		1,677,930		-		1,679,330
Shares issued for Exercise of Warrants	70,230		70		75,778		-		75,848
Shares Issued for Cashless Exchange of Unit Purchase Options	88,431		88		(88)		-		-
Shares Issued for Services	201,500		202		77,798		-		78,000
Stock Options Awarded to Employees	-		-		176,206		-		176,206
Balances, March 31, 2019	10,537,590	$	10,538	$	23,509,031	$	(21,258,857)	$	2,260,711
Net Loss	-		-		-		(1,593,491)		(1,593,491)
Shares sold in Private Placement	400,000		400		514,600		-		515,000
Shares Issued for Services	-		-		75,000		-		75,000
Stock Options Awarded to Employees	-		-		144,944		-		144,944
Balances, June 30, 2019	10,937,590		10,938		24,243,575		(22,852,348)		1,402,165

	Common Stock								
	Shares Outstanding		Common Stock		Additional Paid-in Capital		Accumulated Deficit		Total
Balances, January 1, 2018	4,978,929	$	4,979	$	17,192,394	$	(14,185,457)	$	3,011,916
Net Loss	-		-		-		(1,170,876)		(1,170,876)
Shares Issued for Services	23,256		23		39,977		-		40,000
Stock Options Awarded to Employees	-		-		140,305		-		140,305
Balances, March 31, 2018	5,002,185	$	5,002	$	17,372,676	$	(15,356,333)	$	2,021,345
Net Loss	-		-		-		(1,388,804)		(1,388,804)
Shares Issued for Services	176,744		177		216,087				216,264
Convertible Preferred Shares Issued in Private Placement	-		-		877,499		-		877,499
Shares Issued for Conversion of Series B Preferred	1,000,000		1,000		(1,000)		-		-
Preferred Dividends Due Upon Conversion	-		-		-		(15,125)		(15,125)
Shares Issued for Notes Payable Conversions	25,000		25		49,975		-		50,000
Shares Issued for Cashless Exchange of Warrants	4,800		5		(5)		-		-
Shares Sold in Public Offering	2,040,000		2,040		1,720,360		-		1,722,400
Series C Convertible Preferred Shares Issued	-		-		346,500		-		346,500
Stock Options Awarded to Employees	-		-		297,735		-		297,735
Balances, June 30, 2018	8,248,729		8,249		20,879,827		(16,760,262)		4,127,814

See accompanying notes to condensed financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Nature of Business -Sigma Labs, Inc., formerly named Framewaves, Inc., a Nevada corporation, was founded by a group of scientists, engineers and businessmen to develop and commercialize novel and unique manufacturing and materials technologies. Sigma believes that some of these technologies will fundamentally redefine conventional quality assurance and process control practices by embedding them into the manufacturing processes in real time, enabling process intervention and ultimately leading to closed loop process control. The Company anticipates that its core technologies will allow its clientele to combine advanced manufacturing quality assurance and process control protocols with novel materials to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, bio-medical, and power generation. The terms the "Company," "Sigma," "we," "us" and "our" refer to Sigma Labs, Inc.

Basis of Presentation - The accompanying financial statements have been prepared by the Company in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States of America. 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 June 30, 2019 and 2018 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. The Company suggests these condensed financial statements be read in conjunction with the December 31, 2018 audited financial statements and notes thereto included in the Company's Form 10-K. The results of operations for the periods ended June 30, 2019 and 2018 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.

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 Accounting Standards Codification ("ASC") Topic No. 260, "Earnings Per Share." Shares underlying the Company's outstanding warrants, options or note conversion features were excluded due to the anti-dilutive effect they would have on the computation. At June 30, 2019 the Company had 3,620,610 warrants, 1,108,192 stock options and a $50,000 Convertible Note Payable outstanding. The total number of shares of common stock underlying these instruments is 4,753,802. At June 30, 2018 the Company had 350 convertible preferred stock shares, 3,228,500 warrants, 664,707 stock options and a $50,000 Convertible Note Payable outstanding. The total number of shares of common stock underlying these instruments is 4,268,207.

The following data shows 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 June 30, 2019 and 2018:

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Net Loss per Common Share - Basic and Diluted	$ (0.15)	$ (0.25)	(0.31)	$ (0.48)
Loss from continuing Operations available to Common stockholders (numerator)	$ (1,593,491)	$ (1,388,804)	(3,077,603)	$ (2,559,680)
Weighted average number of common shares Outstanding used in loss per share during the Period (denominator)	10,777,590	5,572,015	10,063,806	5,286,362

Recently Enacted Accounting Standards - The FASB established the 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 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.

In February 2016, the FASB issued ASU 2016-02, "Leases" which was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company has evaluated this standard and determined that it will not currently require any adjustment to Sigma's financial reporting.

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. Significant accounting estimates that may materially change in the near future are impairment of long-lived assets, values of stock compensation awards and stock equivalents granted as offering costs, and allowance for bad debts and inventory obsolescence.

NOTE 2 - Notes Receivable

On May 1, 2017, the Company made a loan in the principal amount of $250,000 to Jaguar Precision Machine, LLC, a New Mexico limited liability company ("Jaguar"), pursuant to a Secured Convertible Promissory Note dated May 1, 2017 delivered by Jaguar to the Company. The loan bears interest at the rate of 7% per annum, was originally due and payable in full on August 1, 2018, is secured by certain assets of Jaguar, and is convertible at the Company's option into 10% of the outstanding shares of the common stock of Jaguar unless Jaguar exercises its right under specified circumstances to repay all principal and accrued interest on the loan. On June 15, 2018, the Company received a $150,000 payment from Jaguar, $17,803 of which was applied to accumulated interest through that date and $132,197, the balance, of which, was applied to the principal balance of the note. In the first six months of 2019 payments totaling $45,000 were received. The payments were applied first to the accumulated interest balance on the note and then to the remaining principal balance. The holder of the promissory note has committed to paying the remaining principal balance along with accumulated interest on or before September 30, 2019. The June 30, 2019 principal balance of the note was $79,875 and the accumulated interest balance due was $166.

NOTE 3 – Inventory

At June 30, 2019 and December 31, 2018, the Company's inventory was comprised of:

	June 30, 2019	December 31, 2018
Raw Materials	$ 279,835	$ 168,623
Work in Process	265,816	46,688
Finished Goods	24,775	24,775
Total Inventory	**$ 570,426**	**$ 240,086**

NOTE 4 - Notes Payable

At June 30, 2019 the Company had a $50,000 convertible note outstanding due on October 18, 2019. At June 30, 2019 the accumulated interest balance on the note was $1,028.

NOTE 5 - Stockholders' Equity

Common Stock

In January 2018, the Company issued 23,256 shares of common stock to directors valued at $1.72 per share, or $40,000.

In April 2018, the Company issued 176,744 shares of common stock to directors valued at $1.22 per share, or $216,264.

Between May 29, 2018 and June 1, 2018, we issued an aggregate of 1,000,000 shares of common stock upon conversion of the 1,000 shares of Series B Preferred Stock issued on April 6, 2018 (as described below under "Preferred Stock").

In May 2018 the holder of our Note Payable converted $50,000 of the principal balance of the Note into 25,000 shares of common stock and exercised its warrant on a cashless basis resulting in the issuance of 4,800 shares of common stock.

On June 26, 2018, as part of its public offering of equity securities, the Company issued 2,040,000 shares of common stock and warrants to purchase a total of 717,000 shares of common stock (including the warrants described under "Preferred Stock" below that were issued on June 26, 2018). Each warrant has an initial exercise price of $1.08 per share. The net proceeds to the Company were approximately $2,068,900 after commissions and other offering expenses. The Company also issued Dawson James Securities, Inc., its placement agent in the public offering, a Unit Purchase Option to acquire up to 191,200 Units, at an exercise price of $1.25 per Unit, consisting of 191,200 shares of common stock and warrants to purchase up to 57,360 shares of common stock as compensation.

In January 2019, the Company issued a total of 200,000 shares of common stock to directors valued at $1.50 per share, or $300,000, with such shares to vest ratably over four quarterly installments, subject in each case to such director's continuing service as a director.

Also in January 2019, the Company issued 88,431 shares of common stock upon the cashless exercise of Unit Purchase Options issued in our June 2018 public offering.

In January and February 2019, the Company issued a total of 70,230 shares of common stock upon the exercise of 70,230 warrants having an exercise price of $1.08 resulting in gross cash proceeds of $75,848.

In March 2019, the Company issued 1,500 shares of common stock to the Company's Vice President of Business Development in connection with his achievement of performance milestones, with such shares vesting immediately.

Also in March 2019, the Company closed a public offering of equity securities in which it issued 1,400,800 shares of common stock and warrants to purchase a total of 420,240 shares of common stock resulting in net proceeds of approximately $1,679,230, after deducting placement agent commissions and other offering expenses payable by the Company.

In May 2019, the Company closed a private placement of equity securities in which it issued 400,000 shares of common stock and warrants to purchase a total of 220,000 shares of common stock resulting in net proceeds of approximately $515,000, after deducting placement agent commissions and other offering expenses payable by the Company.

Deferred Compensation

In previous years and in the six months ended June 30, 2019, the Company issued to various employees, directors, and contractors shares of the Company's common stock, subject to restrictions, pursuant to the 2013 Equity Incentive Plan (the "2013 Plan"). Such shares were valued at the fair value at the date of issue. The fair value was expensed as compensation over the vesting period and recorded as an increase to stockholders' equity. During the six months ended June 30, 2019 and June 30, 2018, $153,000 and $156,875, respectively, of the unvested compensation cost related to these issues was recognized.

At June 30, 2019, there was $150,000 of unrecognized deferred compensation expense to be recognized over the remainder of the year.

Stock Options

In October 2018, at the Annual Meeting of Stockholders of the Company, the Company's stockholders approved an amendment to the 2013 Plan to increase the number of shares of the Company's common stock reserved for issuance under the 2013 Plan by 900,000 shares of our common stock to a total of 1,650,000 shares. As of June 30, 2019, an aggregate of 750 shares and 25,460 shares of common stock were reserved for issuance under the 2011 Plan and the 2013 Plan, respectively.

During the six months ended June 30, 2019, the Company granted options to purchase a total of 286,925 shares of common stock to 18 employees and 1 consultant with vesting periods ranging from immediately upon issuance to 4 years beginning January 2019.

During the six months ended June 30, 2018, the Company granted options to purchase a total of 374,769 shares of common stock to 15 employees and 1 consultant with vesting periods ranging from immediately upon issuance to 4 years beginning March 2018.

The Company generally grants stock options to employees and directors at exercise prices equal to the fair market value of the Company's stock on the dates of grant. Stock options are typically granted throughout the year and generally vest over four years of service and expire five years from the date of the award, unless otherwise specified. The Company recognizes compensation expense for the fair value of the stock options over the requisite service period for each stock option award.

Total share-based compensation expense included in the consolidated statements of operations for the six months ended June 30, 2019 and 2018 is $474,566 and $584,589 of which $321,149 and $438,039 is related to stock options, respectively.

The fair value of share-based awards was estimated using the Black-Scholes model with the following weighted-average assumptions for the six months ended June 30, 2019 and 2018:

Assumptions:

	2019	2018
Dividend yield	0.00	0.00
Risk-free interest rate	1.90-2.54%	2.68-2.97%
Expected volatility	105.2-106.1%	116.3-137.33%
Expected life (in years)	5	5-10

Option activity for the six months ended June 30, 2019 and the year ended December 31, 2018 was as follows:

	Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Yrs.)	Aggregate Intrinsic Value ($)
Options outstanding at December 31, 2017	299,938	4.40	7.33	
Granted	534,329	1.45	6.58	
Exercised	-	-	-	
Forfeited or cancelled	(8,000)	4.59	-	
Options outstanding at December 31, 2018	826,267	2.49	6.47	
Granted	286,925	1.55	4.63	
Exercised	-	-	-	
Forfeited or cancelled	(5,000)	1.15	-	
Options outstanding June 30, 2019	1,108,192	2.25	5.61	45,830
Options expected to vest in the future as of June 30, 2019	388,858	2.22	5.48	28,309
Options exercisable at June 30, 2019	719,334	2.28	5.69	17,521
Options vested, exercisable, and options expected to vest at June 30, 2019	1,108,192	2.25	5.61	45,830

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock for those awards that have an exercise price currently below the $1.40 closing price of our common stock on June 30, 2019. 22,916 of the 2019 option grants have an exercise price currently below $1.40.

At June 30, 2019, there was $348,220 of unrecognized share-based compensation expense related to unvested share options with a weighted average remaining recognition period of 3.02 years.

Warrants

Warrant activity for the six months ended June 30, 2019 and 2018 was as follows:

	Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Yrs.)
Warrants outstanding at December 31, 2017	1,645,500	3.97	4.11
Granted	1,607,000	1.30	4.64
Exercised	(24,000)	2.00	-
Forfeited or cancelled	-	-	-
Options outstanding at June 30, 2018	3,228,500	2.65	4.40
Options outstanding at December 31, 2018	3,050,600	2.75	3.86
Granted	640,240	1.60	4.94
Exercised	(70,230)	1.08	-
Forfeited or cancelled	-	-	-
Options outstanding at June 30, 2019	3,620,610	2.58	3.63

NOTE 6 - Subsequent Events

In July and August of 2019, the Company granted our CEO and President two options to purchase up to 22,916 and 22,922 shares of our common stock, respectively under our 2013 Equity Incentive Plan in connection with his employment arrangement. The options have an exercise price per share equal to $1.40 and $0.74, respectively, and each is fully vested.

In July of 2019, at the Annual Meeting of Stockholders of the Company, the Company's stockholders approved an amendment to the 2013 Equity Incentive Plan to increase the number of shares of the Company's common stock reserved for issuance under the 2013 Plan by 750,000 shares of our common stock to a total of 2,400,000 shares.

In July of 2019, the Company granted options to purchase a total of 97,500 shares of common stock to 7 employees and 1 consultant with vesting periods ranging from immediately upon issuance to 4 years beginning July 2020.

In August of 2019, the Company closed a public offering of equity securities in which it issued 2,875,000 shares of common stock resulting in net proceeds of approximately $1,971,000, after deducting placement agent commissions and other offering expenses payable by the Company.

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." All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including any projections of revenue 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 ("SEC"). 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, 2018 and elsewhere in this report.

Corporation Information

Our principal executive offices are located at 3900 Paseo del Sol, Santa Fe, New Mexico 87507, and our telephone number is (505) 438-2576. Our website address is www.sigmalabsinc.com. The Company's annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), and other information related to the Company, are available, free of charge, on that website as soon as we electronically file those documents with, or otherwise furnish them to, the SEC. The Company's website and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Quarterly Report on Form 10-Q.

2019 Developments

In 2019, we reported several events, including the following (in reverse chronological order):

On August 13, 2019, we announced that we have been selected by a major international OEM machine manufacturer to install our proprietary PrintRite3D® products. As part of the agreement, the OEM will complete our Rapid Test and Evaluation program and will install the PrintRite3D® in two different countries for analysis and proof-of-performance purposes.

On August 2, 2019, we closed a public offering of equity securities in which we issued 2,875,000 shares of common stock resulting in net proceeds of approximately $1,971,000, after deducting placement agent commissions and other offering expenses payable by us.

On July 30, 2019, we announced that we will work with Airbus to complete a Test and Evaluation Program of our new PrintRite3D® version 5.0 hardware and software followed by a validation phase on a powderbed fusion printer.

On June 18, 2019, we announced that we signed a non-binding Memorandum of Understanding with Materialise NV to cooperate in the integration of their MCP Controller with our PrintRite3D® technology. Combining the sophisticated control technology with in-situ process monitoring for metal additive manufacturing will give customers maximal control on the production process, allowing them to become even more productive.

On May 14, 2019, we announced that we will launch Version 5.0 of our PrintRite3D® platform at the RAPID+TCT 2019 Additive Manufacturing Conference in Detroit on May 21-23, 2019.

On April 30, 2019, we announced that the Company's PrintRite3D® software has been shown to ensure process consistency and product quality in metal additive manufacturing, according to a research study sponsored by the Defense Advanced Research Project Agency (DARPA) Open Manufacturing Program and conducted in tandem with Honeywell Aerospace at Honeywell's Advanced Manufacturing Engineering Center. The paper, titled "LPBF [Laser Powder Bed Fusion] Right the First Time-the Right Mix Between Modeling and Experiments," discusses the validation involved in manufacturing a challenging metal component.

On March 26, 2019, we announced the appointment of the Company's new Business Development Manager, Americas, who will be responsible for developing key accounts through the Company's Rapid Test and Evaluation Program and for bringing PrintRite3D INSPECT® into deployment across serial production operations in North and South America.

On March 15, 2019, we closed a public offering of equity securities resulting in net proceeds of approximately $1,679,230, after deducting placement agent commissions and other offering expenses payable by us.

On February 26, 2019, we announced that we were named a member of the Manufacturing Technology Centre ("MTC") located at Ansty Park, Coventry, UK. Being a member of the MTC enables us to share and provide expertise and solutions for a number of MTC's projects and also network with MTC's existing members, including some of the UK's leading aerospace companies.

On February 12, 2019, we announced that we were named a member of the Additive Alliance of Fraunhofer IAPT, a leading network for additive manufacturing ("AM"). As the first US company to be granted a membership in the Alliance, Sigma became part of the global research consortium to advance the development and implementation of AM. The membership enables us to demonstrate our PrintRite3D® technology to key players in the market of metal AM.

On February 5, 2019, we announced that the U.S. Patent and Trademark Office has issued a Notice of Allowance for U.S. Patent Application No. 15/276,452, "Optical Manufacturing Process Sensing and Status Indication System." The patent application covers a system of sensors configured to measure optical emissions generated by a scanning heat source during an additive manufacturing (AM) process and to analyze the data collected.

On January 17, 2019, we announced we were awarded a Test and Evaluation Program contract with a leading global materials and service provider in AM. The program is designed to demonstrate the value of Sigma's PrintRite3D® product capabilities and performance and to validate and quantify the repeatability and variability of AM production processes. So far we have had delays, diversions, and logistical alterations typical of many newly launched programs, yet importantly, there have been no negative performance issues in the RTE test results. The prototype RTE installation was with Materialise in 2018 and culminated in the project announced in June 2019 to integrate Sigma's technology with Materialise's MCP control system. As of the date of this Quarterly Report, of our two most advanced RTEs in process, one states an expectation to add a second PrintRite3D® installation, and the other expects to enter the phase two evaluation (multiple machines of differing OEM brands) over the next 60-120 days.

The size and quality of the demanding high technology 'brand name' companies currently participating in, along with those teed-up to enter the RTE program, appears to confirm that the program is Sigma's most auspicious highway to success and material revenue driving into 2020 and beyond. The Airbus RTE announcement on July 30, 2019 followed by our OEM double-RTE announcement on August 13, 2019 demonstrates that the market's uptake of this program initiative is accelerating.

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 amounts in the accompanying consolidated financial statements and related notes. These estimates and assumptions have a significant impact on our consolidated financial statements. Actual results could differ materially from those estimates. 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. Our significant accounting policies are disclosed in Note 1 to the Financial Statements included in this Quarterly Report on Form 10-Q. 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

Three Months Ended June 30, 2019 and June 30, 2018

We expect to generate revenue primarily by selling and licensing our IPQA technologies, selling technical support services, contract manufacturing and selling specialty parts and studies to businesses that seek to improve their manufacturing production processes and production-run quality yields. Our ability to generate revenues in the future will depend on our ability to further commercialize and increase market presence of our PrintRite3D® technologies, and it will depend on whether key prospective customers continue to move from AM metal prototyping to production.

During the three months ended June 30, 2019, we recognized revenue of $33,582, as compared to $98,663 in revenue recognized during the same period in 2018, a reduction of $65,081. $10,000 of the reduction is directly attributable to the absence of any government program work in 2019, while the remaining 55,000 of it is attributable to the 100% dedication of our printer to Internal R&D in the second quarter of 2019 as we accelerated development of the Inspect product, as well as an overall decline in AM revenue.

Our Cost of Revenue for the three months ended June 30, 2019 and 2018 was $60,625 and $68,568, respectively, a reduction of $7,943. The decrease in our gross margin is primarily attributable to the additional travel and labor costs associated with the on-site and remote collaboration involved in initiation of the Company's Rapid Test and Evaluation programs.

Sigma's total operating expenses for the three months ended June 30, 2019 were $1,569,064 as compared to $1,422,511 for the same period in 2018, an increase of $146,553.

Salary and benefits costs were $581,356 for the three months ended June 30, 2019 compared to $426,049 for the same period in 2018, an increase of $155,307. This 36% cost increase correlates to a net increase of five full-time equivalent employees between the two periods which is a 31% increase in employee count.

Stock-based compensation was $220,360 for the three months ended June 30, 2019 compared to $423,067 for the same period in 2018, a $202,707, or 48%, decrease, primarily due to 2018 second quarter vesting of options granted to our former CEO in connection with his amended employment agreement.

Research and development expenditures of $118,845 were incurred during the three months ended June 30, 2019 compared to $95,049 in the same period of 2018, a 25% increase. The increase primarily results from the purchase of upgraded PrintRite3D® components and various pieces of specialized equipment as part of our continued acceleration of technology development.

Outside services fees incurred in the three months ended June 30, 2019 were $218,919 compared to $177,929 incurred during the same period in 2018, a 23% increase. The increase is primarily attributable to recruiting fees for senior employees.

Office expenses incurred during the three months ended June 30, 2019 were $184,068 compared to $110,936 incurred during the same period in 2018, an increase of $73,132, or 66%. The increase is primarily due to increased travel costs of $59,936, and other miscellaneous office expenses of $13,196.

Sigma's net loss for the three months ended June 30, 2019 totaled $1,593,491 as compared to $1,388,804 for the same period of 2018, a $204,687 increase. The reduction in gross profit contributed $57,138 to the increased loss, while increased operating expenses contributed $146,553 to the increased loss.

Six Months Ended June 30, 2019 and 2018

During the six months ended June 30, 2019, we recognized revenue of $98,032 compared to $202,078 during the same period of 2018. The primary contributors to the $104,046 reduction were revenue decreases of $32,300 from the absence of any government work, $63,000 is attributable to the 100% dedication of our printer to Internal R&D in 2019, and the balance from an overall decline in AM revenue.

Our cost of revenue for the six months ended June 30, 2019 was $157,180 compared to $142,363 during the same period in 2018. The increase of $14,817 is primarily due to the additional travel and labor costs associated with the on-site and remote collaboration involved in initiation of the Company's Rapid Test and Evaluation programs.

Sigma's total operating expenses for the six months ended June 30, 2019 were $3,076,162 compared to $2,599,641 for the same period in 2018, a $476,521 increase.

Payroll costs for the six months ended June 30, 2019 were $1,093,916 compared to $824,706 for the same period in 2018. The $269,210 increases result primarily from the earlier mentioned addition of five employees since the end of the second quarter of 2018. Stock-based compensation for the six months ended June 30, 2019 was $474,566 compared to $584,589 for the same period in 2018, a $110,023 decrease, primarily due to the vesting of options granted to our former CEO in connection with his amended employment agreement in 2018.

During the six months ended June 30, 2019, Sigma incurred research and development expenditures of $264,177 compared to $217,022 in the same period of 2018. The $47,155 increase in these expenditures during the first six months of 2019 resulted primarily from the purchase of upgraded servers and various pieces of specialized equipment as part of our continued acceleration of technology development, as well as $35,333 of consulting fees paid in connection with the development of Version 5.0 of our PrintRite3D® platform.

Sigma's public company and investor relation fees incurred in the six months ended June 30, 2019 were $315,107, compared to $283,596 during the same period in 2018. The $31,511 increase in the six-month comparative expenditures results primarily from an increase in advertising expenses of $64,600, partially offset by a decrease in shareholder services expenses of $37,100.

Outside services fees incurred in the six months ended June 30, 2019 were $403,489, compared to $316,352 incurred during the same period in 2018, a 28% increase. Consulting fees increased by $67,552 due to the addition of an application engineer consultant, and recruiting fees increased by $19,428.

During the six months ended June 30, 2019, Sigma's office expenses were $350,178 compared to $206,042 in the same period of 2018. The $144,136 increase in these expenditures primarily resulted from additional travel expense related to both a more aggressive outreach to prospective OEM, service bureau and end user customers and our expansion into the European market.

In the six months ended June 30, 2019, our net other income & expense was net income of $57,707, as compared to net expense of $19,754 during the same period in 2018. The six-month 2019 net other income is primarily comprised of $52,000 in New Mexico state job incentive credits received. The net other expense for the same period in 2018 is primarily due to a $36,733 write-off of accounting software, partially offset by interest income of $17,086 on the then outstanding notes receivable.

Sigma's net loss for the six months ended June 30, 2019 totaled $3,077,603 as compared to $2,559,680 for the same period in 2018, a $517,923 increase. Contributing to this increase was an increase in our operating loss of $595,384, consisting of a decrease in gross profit of $118,863, together with an increase in operating expenses of $476,521. This was partially offset by an increase in other income and expense of $77,461.

We financed our operations during the three and six months ended June 30, 2019 and 2018 primarily from revenue generated from PrintRite3D® system sales and engineering consulting services we provided to third parties during these periods and through sales of our common and preferred stock. We expect that our revenue will increase in future periods as we seek to further commercialize and expand our market presence for our PrintRite3D®-related technologies and obtain new contract manufacturing orders in connection with our EOS M290.

Liquidity and Capital Resources

As of June 30, 2019, we had $696,390 in cash and working capital of $685,409, as compared with $1,279,782 in cash and working capital of $1,052,017 as of December 31, 2018.

Our major sources of funding have been proceeds from public and private offerings of our equity securities (both common stock and preferred stock), and from warrant exercises.

In March 2019, the Company closed a public offering of equity securities in which it issued 1,400,800 shares of common stock and warrants to purchase a total of 420,240 shares of common stock resulting in net proceeds of approximately $1,679,330, after deducting placement agent commissions and other offering expenses payable by the Company.

In May 2019, the Company closed a private placement of equity securities in which it issued 400,000 shares of common stock and warrants to purchase a total of 220,000 shares of common stock resulting in net proceeds of approximately $515,000, after deducting placement agent commissions and other offering expenses payable by the Company.

In August 2019, the Company closed a public offering of equity securities in which it issued 2,875,000 shares of common stock resulting in net proceeds of approximately $1,971,000, after deducting placement agent commissions and other offering expenses payable by the Company.

During the remainder of 2019, we expect to sustain our operations and our commercialization and marketing efforts without a material increase in our cash burn rate. We expect that enhancements of our IPQA®-enabled PrintRite3D® technology that were developed substantially in fiscal 2018 and 2019 and brought to market will enable us to further commercialize this technology for the AM metal market in 2019 and beyond. However, until commercialization of our full suite of PrintRite3D® technologies, we plan to continue funding our development activities and operating expenses by licensing our PrintRite3D® systems and supporting field services, as applicable, and providing PrintRite3D®-enabled engineering consulting services concerning our areas of expertise (materials and manufacturing quality assurance and process control technologies) and contract manufacturing for metal AM, and through the use of proceeds from sales of our securities.

Net Cash Used in Operating Activities

Net cash used in operating activities during the six months ended June 30, 2019 increased to $2,737,650 from $1,472,519 during the same period in 2018, a $1,265,131 increase. Increased net loss contributed $517,923 toward this use of cash, increased inventory purchases contributed $377,440 as a result of our finished goods ramp program, and a net decrease of accounts payable and accrued expenses contributed $164,370.

Net Cash Used/Provided by Investing Activities

Net cash used by investing activities during the six months ended June 30, 2019 was $115,920, which compares to $530,082 of cash provided by investing activities during the same period of 2018, a decrease of $646,002. This is primarily attributable to the March 2018 receipt of payment in full of a then outstanding $500,000 loan receivable.

Net Cash Used/Provided by Financing Activities

Cash provided by financing activities during the six months ended June 30, 2019 decreased to $2,270,178 from $2,946,400 during the same period in 2018 due to lower proceeds from our public and private securities offerings in 2019.

The Company anticipates continued losses in 2019, with any expected increased revenues offset by increased salaries and related expenses in connection with additional employees.

We have no credit lines as of August 14, 2019, nor have we ever had a credit line since our inception.

Based on the funds we have as of August 14, 2019, and the proceeds we expect to receive from rapid test and evaluation engagements for our updated PrintRite3D® hardware and software technology, sales of contract AM manufacturing for metal AM parts, possible sales of our securities and from the repayment of loans made by Sigma, we believe that we will have sufficient funds to pay our administrative and other operating expenses through 2019. Our ability to continue to fund our liquidity and working capital needs will be dependent upon the success of and revenues from existing and future PrintRite3D®-proof of concept contracts, follow-on contracts resulting from successful proof of concept engagements, possible strategic partnerships, contract manufacturing orders in connection with our EOS M290, and possibly by obtaining additional capital from the sale of securities or by borrowing funds from lenders to fulfill our business plans. 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. There is no assurance that we will be successful in obtaining additional funding. If we require and 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 and operations.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures and changes in internal controls over financial reporting.

Rule 13a-15(e) under the Exchange Act defines the term "disclosure controls and procedures" as those controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon an evaluation of the effectiveness of our disclosure controls and procedures performed by our management, with the participation of our Chief Executive Officer, and our Principal Financial and Accounting Officer, as of the end of the period covered by this quarterly report, our management concluded that 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. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the three months ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Not applicable.

ITEM 1A. RISK FACTORS.

Not applicable.

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

On May 7, 2019, we issued to an accredited investor 400,000 shares of common stock and warrants to purchase a total of 200,000 shares of common stock. We also Sigma issued to Dawson James Securities, Inc., our placement agent in the foregoing private placement, warrants to purchase up to 20,000 shares of common stock, as compensation. The foregoing securities were issued in reliance upon an exemption from the registration requirements pursuant to Section 4(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

1.1	Underwriting Agreement, dated July 30, 2019, by and among Sigma Labs, Inc. and Aegis Capital Corp. acting as the representative of the several underwriters named on Schedule I thereto (filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed August 1, 2019, and incorporated herein by reference).
4.1	Form of Common Stock Purchase Warrant.(filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 8, 2019, and incorporated herein by reference).
4.2	Form of Placement Agent Warrant (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed May 8, 2019, and incorporated herein by reference).
10.1	Securities Purchase Agreement, dated as of May 7, 2019, between the Company and the Purchaser (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 8, 2019, and incorporated herein by reference).
10.2	Employment letter agreement, effective as of July 1, 2019, between the Company and Frank D. Orzechowski.* **
10.3	2013 Equity Incentive Plan, as amended, of Sigma Labs, Inc. (previously filed by the Company as Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed on June 18, 2019, 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 and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
101.INS	XBRL Instance Document.
101.SCH	XBRL 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.

* Indicates a management contract or compensatory plan or arrangement.
** Filed herewith.
*** Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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.

August 14, 2019	By: */s/ John Rice* John Rice Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
August 14, 2019	By: */s/ Frank Orzechowski* Frank Orzechowski Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

SIGMA LABS

Quality Beyond Inspection™

June 17, 2019

Frank D. Orzechowski, CPA
19 E Chili Line Rd
Santa Fe, NM 87508

Re: Terms of At-Will Employment

Dear Mr. Orzechowski,

This letter confirms the principal terms of our agreement, as set forth below, with respect to your at-will employment ("Employment") by Sigma Labs, Inc. (the "Company"), which shall be effective as of July 1, 2019 (the "Effective Date"):

1. Position; Reporting; Duties, Responsibilities and Authority; Principal Business Office: Effective as the Effective Date, you shall serve as Chief Financial Officer, Treasurer, Principal Accounting Officer, Principal Financial Officer and Corporate Secretary of the Company. You shall report on a day-to-day basis directly to and shall be subject to the supervision and direction of, the Company's Chief Executive Officer.

You shall perform your duties hereunder at the Company's principal business office during normal business hours and at all other times and locations necessary for you to carry out your duties. You shall devote substantially all of your business time to the Company and shall perform such duties as are customarily performed by individuals acting as Chief Financial Officer, Treasurer, Principal Accounting Officer, Principal Financial Officer, and Corporate Secretary of a public company of a similar size as the Company, and other such duties as you may be assigned from time to time by the Chief Executive Officer or the Board of Directors of the Company. You shall at all times be subject to, observe and carry out such reasonable employment-related rules, regulations and policies as the Company's Board of Directors or Chief Executive Officer may from time to time establish for the Company's employees, including, without limitation, the Company's Employee Handbook, Insider Trading Policy and Code of Ethics and Business Conduct.

Without restricting any requirement that you engage in reasonable business-related travel, the principal location in which you shall be required to perform your duties and responsibilities shall be the Company's principal business office, which is presently located at 3900 Paseo del Sol, Santa Fe, New Mexico 87507.

2. At-Will Employment: The Company has the right to terminate your Employment at any time, with or without prior notice, and with or without cause and for any reason or for no specified reason. You have the right to terminate your Employment at any time, with or without prior notice. You are employed by the Company "at will," and this letter does not provide you with any right to continue in the Employment of the Company for any minimum or specified period. Except as specifically provided in this letter, the Company shall have no obligation to make any compensation, severance or other payments to you, or to provide any other benefits to you, after the date of the termination of your Employment for any reason.

3. Compensation:

(a) Base: For services rendered hereunder, the Company shall pay to you an annual base salary (the "Base Salary") of $135,000, payable in regular installments in accordance with the Company's customary payroll practices for employees. If you are entitled to receive Base Salary for any period that is less than one calendar month, the Base Salary for such period shall be computed by prorating the annual Base Salary over such period based upon the actual number of days therein. The Base Salary shall not be subject to decrease but may be increased in the discretion of the Company's Compensation Committee based on an annual or special case assessments of your performance and other factors. All payments shall be made in accordance with the Company's payroll practices. The Company may deduct and withhold from your compensation any amounts of money required to be deducted or withheld by the Company under any or all applicable local, state or federal laws.

(b) Benefits: During your Employment, you shall be entitled to receive all benefits under any and all deferred compensation plans, retirement plans, life, disability, health, accident and other insurance programs, automobile allowances, and similar employee benefit plans and programs, sick leave, vacation time and paid time off (if any) that the Company elects in its sole discretion to provide from time to time to its other executive officers (collectively referred to herein as the "Benefits"). However, we reserve the right to terminate, reduce or otherwise amend any or all of the Benefits from time to time to the extent allowed by law, so long as such action applies generally to all of our executive officers. Except as otherwise required by applicable law with respect to continued "COBRA" group health care coverage and except as expressly required by the terms of the Company's life, disability, health, accident and other insurance programs and similar employee benefit plans and programs, your right to receive Benefits shall terminate upon the termination of your Employment for any reason. Subject to the more precise wording of the employee manual, you shall be entitled to vacation time of two weeks during the first year of your employment hereunder and thereafter up to two weeks of discretionary sick, personal, or other personal needs, and 11 floating holidays that you make take at the traditional national days or other days of your choice.

(c) Expense Reimbursement: The Company will reimburse you for ordinary and necessary expenses incurred in the performance of your duties, provided that such expenses are reasonable and are accounted for in accordance with the Company's usual policies.

(d) Options: Subject to Compensation Committee approval and subject to your entering into the Company's standard-form nonqualified stock option agreement under the Company's 2013 Equity Incentive Plan (the "Plan"), effective as of the Effective Date, the Company shall grant you pursuant to the Plan (1) a non-qualified stock option ("Option A") to purchase up to 2,500 shares of common stock of the Company, which will have an exercise price equal to the closing price of the Company's common stock on the Effective Date, and will vest and become exercisable in full on the Effective Date, and (2) a non-qualified stock option ("Option B," and together with Option A, the "Options") to purchase up to 60,000 shares of common stock of the Company, which will have an exercise price equal to the closing price of the Company's common stock on the Effective Date, and will vest and become exercisable as follows: 3,872 shares will vest and become exercisable on the one-year anniversary of the Effective Date, 9,000 shares will vest and become exercisable on the second-year anniversary of the Effective Date, 14,128 shares will vest and become exercisable on the third-year anniversary of the Effective Date, and 33,000 shares will vest and become exercisable on the fourth-year anniversary of the Effective Date, provided, in each case, that you remain an employee of the Company through such vesting date.

The Options shall expire on the day before the fifth anniversary of the Effective Date, unless such Options shall have been terminated prior to that date in accordance with the provisions of the Company's standard-form nonqualified stock option agreement, and the Options shall be on such other terms and provisions as are contained in such stock option agreement and the Plan.

In the event of any stock split, reverse stock split or stock dividend after the date hereof, the number of shares of the Company's common stock underlying the Options, and the exercise price of the Options shall be appropriately adjusted for any such stock split, reverse stock split or stock dividend.

Notwithstanding anything to the contrary in this Agreement, the Options shall only be exercisable upon approval by the Company's stockholders at a meeting of the Company's stockholders of an increase in the aggregate number of shares of the Company's common stock that may be issued or issuable under the Plan, which increase covers the shares of common stock underlying the Options.

4. Confidential Information. You shall at no time, either during your Employment or after the termination of your Employment for any reason, use or disclose to any person, directly or indirectly, any confidential or proprietary information concerning the business of the Company, including, without limitation, any business secret, trade secret, financial information, software, internal procedure, business plan, marketing plan, pricing strategy or policy or customer list, except to the extent that such use or disclosure is (1) necessary to the performance of your Employment during the period that you are so employed, (2) required by an order of a court of competent jurisdiction, or (3) authorized in writing by the Company's Chief Executive Officer. The prohibition that is contained in the preceding sentence shall not apply to any information that is or becomes generally available to the public other than through a disclosure by you or by a person acting in concert with you. Within five days after the termination of your Employment, you shall return to the Company all memoranda, notes and other documents in your possession or control that relate to the confidential information of the Company. Upon the Company's request, you agree to execute and deliver to the Company any form of confidentiality agreement that the Company requires generally from its employees.

5. Company Property: You agree that all designs, lists, books, files, reports, correspondence, computer databases and files, records, supplies, services, computers, postage, telephones and other property and materials ("Company Materials") used by, prepared for or by, or made available to you while you are employed with the Company, shall be and shall remain the property of the Company. Upon termination of your employment with the Company, all Company Materials shall be returned immediately to the Company, and you shall not make or retain any copies thereof.

6. Inventions/Work Product:

(a) Work Product: You acknowledge and agrees that all writings, works of authorship, technology, inventions, discoveries, ideas and other work product of any nature whatsoever that are created, prepared, produced, authored, edited, amended, conceived or reduced to practice by you individually or jointly with others during the period of your Employment by the Company and relating in any way to the business or contemplated business, research or development of the Company (regardless of when or where the Work Product is prepared or whose equipment or other resources is used in preparing the same) and all printed, physical and electronic copies, all improvements, rights and claims related to the foregoing, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to copyrights, trade secrets, trademarks (and related goodwill), patents and other intellectual property rights therein arising in any jurisdiction throughout the world and all related rights of priority under international conventions with respect thereto, including all pending and future applications and registrations therefor, and continuations, divisions, continuations-in-part, reissues, extensions and renewals thereof (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

(b) Work Made for Hire; Assignment: You acknowledge that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, you hereby irrevocably assign to the Company, for no additional consideration, your entire right, title and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained herein shall be construed to reduce or limit the Company's rights, title or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this agreement.

(c) Further Assurances; Power of Attorney. During and after your Employment, you agree to reasonably cooperate with the Company to (1) apply for, obtain, perfect and transfer to the Company the Work Product as well as an Intellectual Property Right in the Work Product in any jurisdiction in the world, and (2) maintain, protect and enforce the same, including, without limitation, executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments and other documents and instruments as shall be requested by the Company. You hereby irrevocably grant the Company a power of attorney to execute and deliver any such documents on your behalf in your name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, issuance, prosecution and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if you do not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by your subsequent incapacity.

7. Notices: Any notice, consent, request or other communications made or given in connection with this agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by postage prepaid to those listed below at their following respective addresses or at such other address as each may specify by notice to the other:

To the Company:

John Rice
Chair and Chief Executive Officer
Sigma Labs, Inc.
3900 Paseo del Sol
Santa Fe, NM 87507

To you:

Mr. Frank Orzechowski
19 E Chili Line Rd
Santa Fe, NM 87508

8. Entire Agreement: This agreement (and any separate confidentiality agreements that may be entered into between the Company and you) constitutes the entire agreement of the Company and you relating to the terms and conditions of your Employment and supersedes all prior oral and written understandings and agreements relating to such subject matter.

9. Amendment and Termination: This agreement may be amended or terminated only pursuant to a writing executed by an authorized officer of the Company and you.

10. Arbitration: Any dispute or controversy arising under this agreement relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy (each, a "Disputed Matter"), shall be determined and settled by arbitration in Santa Fe, New Mexico pursuant to the Rules of the American Arbitration Association in effect at the time the Disputed Matter arises. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction. Notwithstanding the foregoing, the parties shall be entitled to seek injunctive relief in any court of competent jurisdiction.

11. Governing Law: This agreement shall be governed by and construed in accordance with Nevada law. In the event that any terms or provisions of this agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms and provisions hereof. In the event of any judicial, arbitral or other proceeding between the parties hereto with respect to the subject matter hereof, the prevailing party shall be entitled, in addition to all other relief, to reasonable attorneys' fees and expenses and court costs.

If the foregoing terms are acceptable, please sign below and return this letter to me.

Sigma Labs, Inc.		**Employee**	
By	*/s/ John Rice*	By	*/s/ Frank Orzechowski*
Name	John Rice	Name	Frank Orzechowski
Title	Chair & CEO		

Exhibit 31.1

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

I, John Rice, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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: August 14, 2019

By:	*/s/ John Rice*
Name:	John Rice
Title:	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Frank Orzechowski, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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: August 14, 2019

By:	*/s/ Frank Orzechowski*
Name:	Frank Orzechowski
Title:	Chief Financial Officer, Treasurer (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, John Rice, the Chief Executive Officer, and Frank Orzechowski, the Chief Financial Officer, of Sigma Labs, Inc. (the "Company"), hereby certify, that, to their knowledge:

1. The Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") of the Company fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

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

/s/ John Rice	*/s/ Frank Orzechowski*
John Rice Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	Frank Orzechowski Chief Financial Officer, Treasurer (Principal Financial and Accounting Officer)
August 14, 2019	August 14, 2019