

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

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MASSROOTS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

7370
*(Primary Standard Industrial
Classification Code Number)*

46-2612944
(I.R.S. Employer Identification Number)

**1624 Market Street, Suite 201, Denver, CO 80202
(720) 442-0052**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Isaac Dietrich, Chief Executive Officer
MassRoots, Inc.**

**1624 Market Street, Suite 201, Denver, CO 80202
(720) 442-0052**

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

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As soon as practicable after the effective date of this Registration Statement.
(Approximate date of commencement of proposed sale to the public)

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

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Calculation of Registration Fee

<u>Title of Each Class of Securities to be Registered</u>	<u>Proposed Maximum Aggregate Offering Price (1)</u>	<u>Amount of Registration Fee (2)</u>
Common Stock, par value \$0.001 per share (3)	[]	[]
Warrants to Purchase Common Stock (3)(4)	[]	[]
Common Stock Issuable upon Exercise of Warrants (3)	[]	[]
Total	\$ 6,500,000	\$ 654.55

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (“Securities Act”)

(2) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price.

(3) Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(4) No fee pursuant to Rule 457(g).

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

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

PRELIMINARY PROSPECTUS - SUBJECT TO COMPLETION Dated [], 2016

MassRoots

Technology Platform for the Cannabis Industry

MASSROOTS, INC.

An Offering of up to [] Shares of Common Stock and Warrants to Purchase up to [] Shares of Common Stock

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC"). This prospectus relates to the offering of up to [] shares of our common stock, par value \$0.001 per share ("Common Stock"), and warrants to purchase up to [] shares of our Common Stock (each whole warrant, a "Warrant"). This prospectus also includes the shares of Common Stock that are issuable from time to time upon exercise of the Warrants (the Common Stock, the Warrants, and the Common Stock underlying the Warrants, the "Securities"). We will offer one share of Common Stock in a fixed combination with a Warrant to purchase [] shares of Common Stock for a public offering price of \$[] per share of Common Stock and \$[] per Warrant, or of \$[] per combination of share and warrant, less the underwriting discounts and commissions. Each Warrant is immediately exercisable for one share of our Common Stock at an exercise price of \$[] per share, or []% of the per share price of our Common Stock in this offering. Each Warrant expires on [], 20[]. The shares of Common Stock and Warrants will be issued and delivered separately.

Our Common Stock is currently quoted on the OTCQB under the symbol "MSRT." On [], the closing sale price of our Common Stock was \$[] per share. Currently, there is no established public trading market in the United States for our Common Stock and quotes of our stock on an OTCQB may not be indicative of the market price on a national securities exchange. We are applying to list our Common Stock on the NASDAQ Capital Market under the symbol "MSRT". No assurance can be given that our application will be approved.

See "Underwriting" beginning on page [] of the prospectus for more information on this Offering.

Our common stock involves a high degree of risk. You should read the "RISK FACTORS" section beginning on page 10 before you decide to purchase any of our Common Stock.

We qualify as an "emerging growth company" as defined in the Jumpstart our Business Startups Act ("JOBS Act"). For more information, see the prospectus subsection titled "Emerging Growth Company Status" starting on page 7.

	<u>Per Share</u>	<u>Per Warrant</u>	<u>Total</u>
Public offering price	\$		\$
Underwriting discount and commissions (1)	\$		\$
Proceeds, before expenses, to MassRoots, Inc. (2)	\$		\$

(1) We have also agreed to reimburse the underwriter for expenses incurred by it in an amount not to exceed \$150,000. See "Underwriting" for additional information regarding underwriter compensation.

(2) We estimate our total expenses for this offering to be approximately \$ [].

The underwriters expects to deliver the shares of Common Stock and Warrants to purchasers against payment on or about [], 2016.

We have granted the underwriters an option for a period of 45 days to purchase up to an additional 15% of the total number of shares of Common Stock and/or 15% of total number of Warrants sold in the Offering in any combination thereof at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any.

The Company has minimal revenues to date and there can be no assurance that the Company will be successful in furthering its operations and/or revenues. Persons should not invest unless they can afford to lose their entire investment. Investing in our securities involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. See “Risk Factors” beginning on page 10 of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

**Chardan Capital Markets, LLC
Book Running Manager**

The date of this prospectus is [], 2016

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The information in this prospectus is accurate only as of the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since the date of this prospectus. This prospectus is not an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. You should not consider this prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

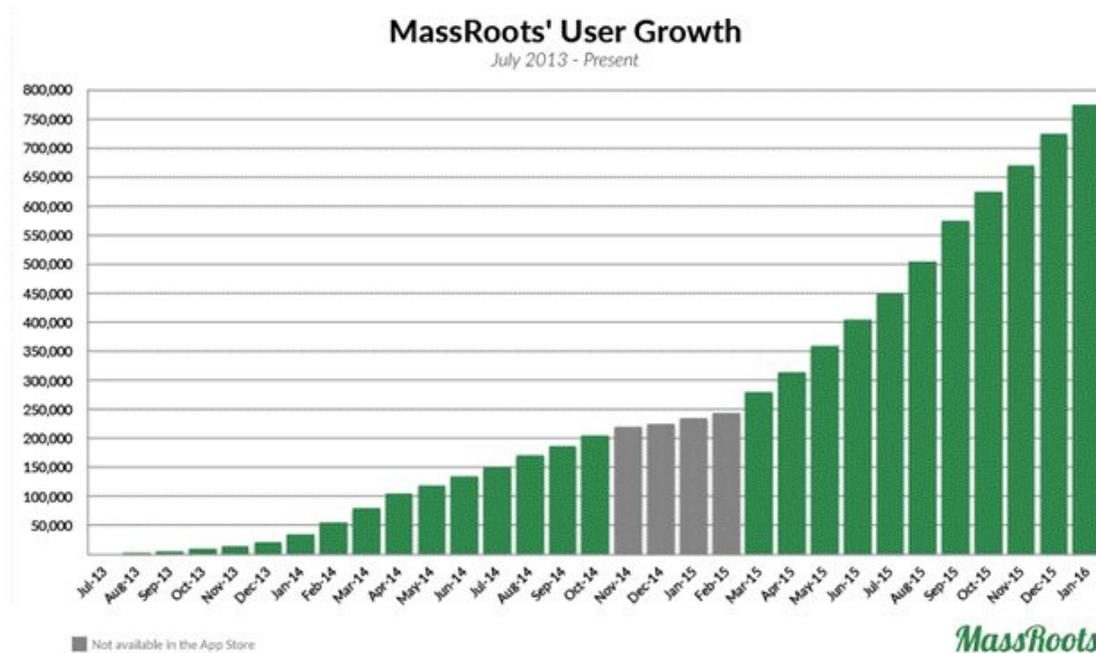
PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider prior to investing. After you read this summary, you should read and consider carefully the more detailed information and financial statements and related notes that we include in this prospectus, especially the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." If you invest in our securities, you are assuming a high degree of risk.

Unless we have indicated otherwise or the context otherwise requires, references in the prospectus to "MassRoots," the "Company," "we," "us" and "our" or similar terms are to MassRoots, Inc. Unless otherwise indicated, all share and per share information relating to our common stock in this prospectus has been adjusted to reflect the "Exchange" which occurred during our "Reorganization". See "The Reorganization And Previous Offerings" for additional discussion of the Exchange and Reorganization.

The MassRoots Story – Our Company

MassRoots was incorporated in Delaware in April 2013 as a social network for the cannabis community. In July 2013, we launched in the App Store and since that time have grown into a community of 775,000 users. Our network allows users to share their cannabis experiences, follow their favorite dispensaries, and stay informed of legalization updates. Businesses use MassRoots to advertise their products directly to cannabis consumers. Our growth has been primarily driven by MassRoots' increasing popularity as one of the first national cannabis brands and word of mouth enthusiasm from our users. We believe that by creating a central community of cannabis consumers, we are creating a valuable marketing channel for cannabis and its ancillary products.



MassRoots' Value Proposition to Advertisers:

After a period where we solely focused on user growth, we started monetizing MassRoots through advertising in mid-August 2015. The reasons businesses advertise on MassRoots are:

- *Nature of MassRoots Users.* The typical MassRoots user is an active cannabis consumer, which is the target demographic for cannabis-related businesses. MassRoots allows these businesses to maximize their lead on target. Unlike other forms of advertising like billboard, banner and display ads that are seen by the general population, every dollar spent on MassRoots advertising puts their product and service directly in front of cannabis consumers.
- *Social Endorsements of Products and Services.* The majority of cannabis consumers do not feel comfortable recommending cannabis-related products and services on Facebook, Instagram and Twitter as their family and co-workers follow them on these networks. By introducing a social recommendation tool similar to Facebook's, MassRoots will allow cannabis consumers to recommend their favorite strains, products and services to their friends on MassRoots and the community at large.
- *Necessity.* Currently, Google, Facebook and Twitter prohibit dispensaries from advertising on their networks, forcing cannabis-related companies to rely on billboard and other alternative forms of advertising that may be far less cost effective due to their broad and un-targeted nature. We believe there is a need for a self-service advertising portal that enables cannabis-related businesses to reach potential customers by digital channels. We believe the MassRoots platform will be compelling for advertisers as it offers direct access to a precise segment of their target market as well as an extensive set of metrics to determine the effectiveness of advertising campaigns.
- *Reaching Consumers on Mobile Devices.* Mobile advertising is quickly becoming a valuable and effective way for businesses to market themselves. As MassRoots' users are almost entirely mobile-based, MassRoots will provide cannabis businesses a unique and extremely valuable channel to reach cannabis consumers directly on their mobile devices.
- *Location-Based Solutions.* All users are required to allow MassRoots to access their location, giving us the ability to target advertisements based on a user's location. For advertisers with physical locations, this will enable them to target their advertising within a specific radius of their store, ensuring their marketing reaches their target consumers. This will also provide demographic data on emerging cannabis markets, providing value for companies as they improve their offerings locally and begin to expand their operations.

MassRoots' Value Proposition to Developers:

Over the coming months, we will be introducing an Application Programming Interface (API) to developers looking to integrate MassRoots' network into their cannabis-related platform. We believe the benefits to developers are:

- *One Click Registration and Sign-In.* Users do not like creating usernames, passwords and profiles for every app and website they access, which underlies the recent popularity of the "Sign in with Facebook" button. However, because the majority of cannabis consumers do not feel comfortable syncing their Facebook profile with cannabis-related websites and apps, we believe there is a need for a "Login with MassRoots" button on cannabis-related digital properties. This will not only allow users to sync data between applications and save time, but also give developers access to data and services they otherwise would not have.
- *Real-Time Content Displayed on Digital Properties.* Whether it is posts about a cannabis-related event, a particular strain of cannabis, or any given cannabis product, MassRoots' users are regularly posting high-quality, user-generated content that developers will be able to integrate and display on their own websites in real-time in a similar manner as Facebook Pages and Live Tweets.
- *Content Distribution.* Similar to users "Pinning" items on Pinterest, MassRoots' API will allow users to easily share cannabis-related photos, articles, products and events they find on the Internet. This allows
- content providers to gauge which products or articles are most popular or "trending," gain feedback from the cannabis community and boost their website traffic as they enhance their social reputation.

MassRoots' Value Proposition to Investors:

For investors looking to capitalize on the rapidly growing cannabis industry permissible under laws of certain states, we believe MassRoots presents a unique and valuable opportunity for the following reasons:

- *Owning a Marketing Channel.* By creating a network of end cannabis consumers, MassRoots is creating a valuable marketing channel for cannabis and its ancillary products. Over the coming months, we plan to expand MassRoots' functionality to permit cannabis businesses to include their live inventory and pricing; once developed, we will be able to push these features to hundreds of thousands of cannabis consumers already engaging with the MassRoots platform, allowing us to expand and conquer adjacent verticals in the cannabis market.
- *Network Growth as a Barrier to Entry.* Network effects have come to dominate consumer habits. Google+ failed to obtain a dominant market share in desktop-based social networking because it wasn't introduced until Facebook had already conquered the market. Similarly, when Facebook introduced Poke as a competitor to SnapChat in late 2012, it failed to gain market share due to the market dominance already achieved by SnapChat. Even if a well-financed competitor to MassRoots were to emerge, they would not only have to convince users on why their platform is superior, but also get them to switch away from the network their friends are already using – every user that MassRoots gains, every interaction that takes place on our network and every day that we grow, the barrier to entry grows ever higher.
- *The Right Industry, the Right Time, the Right Product.* MassRoots sits at the intersection of mobile technology and cannabis, two rapidly growing industries. Per an October 2013 Gallup poll, 58% of the American people support the legalization of cannabis, while an ArcView research report predicts that 14 states will pass adult-use laws and two states will pass medical-use laws within the next five years. This is projected to cause cannabis sales permitted under certain state laws to grow from \$1.43 billion in 2013 to \$10.2 billion by 2018. MassRoots has built a mobile network for the cannabis community that has approximately 775,000 users and continues to rapidly grow. Over the coming months, we will be adding new features for our users, advertisers and developers that will expand the reach and utility of our network, further accelerating growth and creating significant shareholder value.

Government Regulation

Our business plan includes allowing cannabis dispensaries to advertise on our network which we believe could be deemed to be aiding and abetting illegal activities, a violation of Federal law. We intend to remain within the guidelines outlined in the Cole Memo (as more fully described in this prospectus), which does not alter the Department of Justice's authority to enforce Federal law, including Federal laws relating to cannabis, but does recommend that U.S. Attorneys prioritize enforcement of Federal law away from the cannabis industry operating as permitted under certain state laws so long as certain conditions are met. However, we cannot provide complete assurance that we are in full compliance with the Cole Memo or any other laws or regulations relating to the cannabis industry. In addition, we cannot provide any assurance that such federal and state enforcement policies may deviate from the current policies in effect. See the "Risk Factors" and "Description of Business – Government Regulation" sections of this prospectus for more information.

Company Information

We are a Delaware corporation. Our address is 1624 Market Street, Suite 201, Denver, CO 80202, our telephone number is (720) 442-0052 and our website is www.MassRoots.com. The information on our website or mobile apps is not a part of this prospectus.

Emerging Growth Company

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies.

Section 107(b) of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably opted out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

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We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues are \$1 billion, as adjusted, or more, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, and (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

THE OFFERING

Securities offered	Up to [] shares of our Common Stock and Warrants to purchase up to [] shares of Common Stock
Offering Amount	\$[]
Offering price	\$() per share of Common Stock and \$() per Warrant
Description of Warrants	The Warrants will have an exercise price of \$() per share, subject to adjustment as set forth therein and will expire [] years from the date of issuance. The Warrants are exercisable immediately. Investors will receive [] Warrant for each share of common stock purchased in the Offering.
Common Stock Issued and Outstanding Before This Offering	47,666,465
Common Stock Issued and Outstanding After This Offering	[] ([] if the Warrants being offered hereby are exercised in full)
Over-allotment Option	We have granted the underwriters an option for 45 days from the date of this prospectus to purchase up to an additional 15% of the total number of shares of Common Stock and/or 15% of total number of Warrants to be offered hereunder in any combination thereof, solely to cover over-allotments, if any.
Use of Proceeds	MassRoots will use the net proceeds from this offering for our general corporate purposes and working capital, repayment of the Bridge Notes, to accelerate user-growth, develop new feature sets for our mobile applications, expand the services we offer to businesses and to meet the enhanced corporate governance and reporting requirements mandated by the Nasdaq Capital Markets. See “Use of Proceeds.”
Risk Factors	See “Risk Factors” beginning on page 10 and the other information set forth in this prospectus for a discussion of factors you should consider before deciding to invest in our securities.
Market for Common Stock	Since April 9, 2015, our common stock has been quoted on the OTCQB under the symbol “MSRT”. See “Market for Common Stock/Shares Eligible for Future Sale” on page 62.
NASDAQ Listing and Proposed Symbols	We have applied to list our common stock on The NASDAQ Capital Market under the symbol “MSRT”.
Dividends	We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future.

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The number of shares of our common stock outstanding before this Offering is as of March 30, 2016, and the number of shares of our common stock outstanding before and after this Offering excludes:

- 12,728,444 shares of common stock not included in this Offering that are issuable upon the exercise of warrants or convertible debentures currently outstanding with a weighted average exercise price of \$0.44 per share;
- any shares potentially issuable pursuant to the March 2016 Note Offering (hereafter defined), the amount of which is not currently determinable;
- 6,060,500 shares of common stock issuable upon the exercise of options granted under our 2014 and 2015 Equity Incentive Plan to certain employees and directors, with a weighted average exercise price of \$0.66 per share; and
- 136,723 shares to be issued as of March 30, 2016. The number of shares of our common stock outstanding after this offering excludes:

SUMMARY FINANCIAL DATA

The following summary of our financial data should be read in conjunction with, and is qualified in its entirety by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, appearing elsewhere in this prospectus.

Statements of Operations Data

	For the year-ended December 31, 2015	For the year-ended December 31, 2014
Revenue	213,963	\$ 9,030
Loss from operations	(6,125,100)	\$ (1,607,223)
Net loss	(8,472,898)	\$ (2,436,142)

Balance Sheet Data

	As of December 31, 2015	As of December 31, 2014
Cash	\$ 386,316	\$ 141,928
Total assets	\$ 720,279	\$ 366,529
Total liabilities	\$ 403,542	\$ 1,313,328
Total stockholders’ equity (deficit)	\$ 316,737	\$ (946,799)

RISK FACTORS

You should carefully consider the risks described below and other information in this prospectus, including the financial statements and related notes that appear at the end of this prospectus, before deciding to invest in our securities. These risks should be considered in conjunction with any other information included herein, including in conjunction with forward-looking statements made herein. If any of the following risks actually occur, they could materially adversely affect our business, financial condition, operating results or prospects. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business, financial condition, operating results and prospects.

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Risks Relating to Our Financial Condition

Our independent registered accounting firm has expressed concerns about our ability to continue as a going concern.

The report of our independent registered accounting firm expresses concern about our ability to continue as a going concern based on the absence of significant revenues, our significant losses from operations and our need for additional financing to fund all of our operations. It is not possible at this time for us to predict with assurance the potential success of our business. The revenue and income potential of our proposed business and operations are unknown. If we cannot continue as a viable entity, we may be unable to continue our operations and you may lose some or all of your investment in our common stock.

In the past we have experienced material weaknesses in our internal control over financial reporting, which if continued, could impair our financial condition.

As reported in our Annual Report on Form 10-K, our management concluded that our internal control over financial reporting was not effective as of December 31, 2015. Such ineffectiveness was due to material weaknesses regarding our controls and procedures, which were as follows: (i) due to the small size of its staff and limited resources, the Company did not have sufficient segregation of duties to support its internal control over financial reporting; (ii) lack of an Audit Committee; and (iii) lack of a majority of disinterested directors on the Board of Directors. We have since changed the structure of our Board of Directors such that it now contains a majority of disinterested directors and created an Audit Committee comprised of only disinterested directors. Due to our size and nature, segregation of all conflicting duties has not always been possible and may not be economically feasible in the near term; however, we do expect to hire additional accounting personnel over the coming year. We have and do endeavor to take appropriate and reasonable steps to make improvements to remediate these deficiencies, and intend to consider the results of our remediation efforts and related testing as part of our year-end 2015 assessment of the effectiveness of our internal control over financial reporting in light of our strategic plan and make any other changes that our management deems appropriate. If we have continued material weaknesses in our internal financial reporting, our financial condition could be impaired or we may have to restate our financials, which could cause us to expend additional funds that would have a material impact on our ability to generate profits and on the success of our business.

We have limited operational history in an emerging industry, making it difficult to accurately predict and forecast business operation.

As we have less than three years of corporate operational history and have only begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts on our finances. This is compounded by the fact we operate in both the technology and cannabis industries, two rapidly transforming industries. There is no guarantee that our products or services will remain attractive to potential and current users as these industries undergo rapid change or that potential customers will utilize our services.

As a growing technology company, we have yet to achieve a profit and may not achieve a profit in the near future, if at all.

We have not yet produced a net profit and may not in the near future, if at all. While we expect our revenue to grow significantly, we have not achieved profitability and cannot be certain that we will be able to sustain our current growth rate or realize sufficient revenue to achieve profitability. Further, many of our competitors in the technological fields, such as Twitter, Inc., have a significantly larger user base and revenue stream, but have yet to achieve profitability. Our ability to continue as a going concern may be dependent upon raising capital from financing transactions, increasing revenue throughout the year and keeping operating expenses below our revenue levels in order to achieve positive cash flows, none of which can be assured.

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We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features and products or enhance our existing products, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in continued equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of our common stock. Any debt financing we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be impaired, and our business may be harmed.

Risks Relating to Our Business and Industry

Cannabis remains illegal under Federal law.

Despite the development of a legal cannabis industry under the laws of certain states, these state laws legalizing medical and adult cannabis use are in conflict with the Federal Controlled Substances Act, which classifies cannabis as a schedule-I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled that the Federal government has the right to regulate and criminalize cannabis, even for medical purposes, and thus Federal law criminalizing the use of cannabis preempts state laws that legalize its use. However, the Obama Administration has determined that it is not an efficient use of resources to direct Federal law enforcement agencies to prosecute those lawfully abiding by state laws allowing the use and distribution of medical and recreational cannabis. Yet, there is no guarantee that the Obama Administration will not change its stated policy regarding the low-priority enforcement of Federal laws in states where cannabis has been legalized. Additionally, we face another presidential election cycle in 2016 and a new administration could introduce a less favorable policy or decide to enforce the Federal laws strongly. Any such change in the Federal government's enforcement of Federal laws could cause significant financial damage to us and our shareholders.

As the possession and use of cannabis is illegal under the Federal Controlled Substances Act, we may be deemed to be aiding and abetting illegal activities through the services that we provide to users and advertisers. As a result, we may be subject to enforcement actions by law enforcement authorities, which would materially and adversely affect our business.

Under Federal law, and more specifically the Federal Controlled Substances Act, the possession, use, cultivation, and transfer of cannabis is illegal. Our business provides services to customers that are engaged in the business of possession, use, cultivation, and/or transfer of cannabis. As a result, law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against us, including, but not limited, to a claim of aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

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Federal enforcement practices could change with respect to services provided to participants in the cannabis industry, which could adversely impact us. If the Federal government were to change its practices, or were to expend its resources on enforcement actions against service providers in the cannabis industry, such actions could have a materially adverse effect on our operations, our customers, or the sales of our products.

It is possible that additional Federal or state legislation could be enacted in the future that would prohibit our advertisers from selling cannabis, and, if such legislation were enacted, such advertisers may discontinue the use of our services, our potential source of customers would be reduced, and our revenues would decline. Further, additional government disruption in the cannabis industry could cause potential customers and users to be reluctant use and advertise on our products, which would be detrimental to the Company. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Operating a network open to all internet users may result in legal consequences.

Our Terms and Conditions clearly state that our network and services are only to be used by users who are over 18 years old and located where the use of cannabis is permissible under state law and only in a manner which would be permissible under the applicable state law. However, it is impractical to independently verify that all activity occurring on our network fits into this description. As such, we run the risk of federal and state law enforcement prosecution.

We have taken several steps which attempt to prevent the use of our network in manners which violate our Terms and Conditions. When a user downloads our App from the Google Play Marketplace or Apple App Store, MassRoots mandates that a user provides their location in order to create an account. This location is pulled directly from users' phones (with their permission) and if a user is not located in one of the 23 states with medical cannabis laws, the application is locked and is unable to be used. We have disabled registration on web and mobile web until we have the financial resources to accurately verify users' locations through their web browsers, so all prospective users must register through our mobile applications. Lastly, the Google Play Marketplace and the iOS App Store only allow users that are 17 years of age and older to download our app.

We have also implemented an aggressive content reporting review policy to remove any content which violates our Terms and Conditions. We have introduced a system that automatically flags any posts for review, removal, and possible account suspension that includes certain words such as "gun" or "acid." As soon as content is flagged by one of MassRoots' automated systems or by another user, it is removed from view until we have had the time to review the content.

Although the Obama Administration has determined that it is not an efficient use of resources to direct Federal law enforcement agencies to prosecute those following certain state laws allowing for the use and distribution of medical and recreational cannabis, there can be no assurance that the administration, or future administrations, will not change its stated policy and begin enforcement of the Federal laws against us or our users. Additionally, there can be no assurance that we will not face criminal prosecution from states where the use of cannabis is permitted for the use of cannabis in ways which do not fall under the state law. Finally, even if we attempt to prevent the use of our product in states where cannabis use is not permitted under state law, use of our app by those in such states may still occur and state authorities may still bring an action against us for the promotion of cannabis related material by those residing in such states.

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Our business is dependent on state laws pertaining to the cannabis industry.

As of December 31, 2015, 23 states and the District of Columbia allow their citizens to use medical cannabis. Additionally, Colorado, Washington, Alaska, Oregon and Washington DC have legalized cannabis for adult use at the state (or district) level. Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress in the cannabis industry, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. For example, on November 3, 2015, voters in Ohio rejected a ballot initiative that would have legalized medical and adult use cannabis, while allowing commercial cultivation only at 10 specifically designated parcels owned by certain private investors. The controversial monopolistic structure of the Ohio initiative, rather than a rejection of cannabis, may have been the primary grounds for its rejection for many voters. Further legalization attempts at the state level that create bad public policy could slow or stop further development of the cannabis industry. Any one of these factors could slow or halt use of cannabis, which would negatively impact our business.

Failure to properly scale our network could result in diminished user experience.

As our user base increases, the network's infrastructure as it relates to storage space, bandwidth, processing ability, speed and other factors may begin to deteriorate or fail completely. This may result in deteriorating user experience, system failures or system outages for continued periods of time. Additionally, issues with cross-compatibility of our Android, iOS and Web properties may cause system errors, failures or other technical issues.

New platform features or changes to existing platform features could fail to attract new users, retain existing users or generate revenue.

Our business strategy is dependent on our ability to develop platforms and features to attract new users and retain existing ones. Staffing changes, changes in user behavior or development of competing networks may cause users to switch to alternative platforms or decrease their use of our platform. To date, MassRoots for Business, our business-facing advertising portal, is only in its beginning stages and is has not begun to generate revenue. There is no guarantee that companies and dispensaries will use these features and we may fail to generate revenue. Additionally, any of the following events may cause decreased use of our properties:

- Emergence of competing websites and applications;
- Inability to convince potential users to join our network;
- A decrease or perceived decrease in the quality of posts on the network;
- An increase in content that is irrelevant to our users;
- Technical issues on certain platforms or in the cross-compatibility of multiple platforms;
- An increase in the level of advertisements may discourage user engagement;
- A rise in safety or privacy concerns; and
- An increase in the level of spam or undesired content on the network.

Conflicts of interest may arise from other business activities of our directors and officers.

Several of our directors are engaged in business activities outside of MassRoots that may cause conflicts of interest to arise. Our independent director, Tripp Keber, is the Managing Partner of Dixie Elixirs & Edibles (“Dixie”), a cannabis edibles brand in Colorado. Dixie is one of MassRoots' partners in beta-testing advertising strategies; however, there is not currently a financial relationship between the two companies.

Our other independent director, Ean Seeb, is also a partner at Denver Relief Consulting LLC. In this capacity, he advises dispensaries and other cannabis-related companies on regulatory compliance, dispensary operations and marketing. His seat on the MassRoots Board of Directors may cause other cannabis-related consulting agencies and competitors to Denver Relief Consulting LLC's clients to be hesitant to advertise with MassRoots. Potential conflicts of interest may arise from Ean Seeb's position as Chairman of the National Cannabis Industry Association ("NCIA"), the leading trade group of the cannabis industry. While MassRoots has been in agreement with the NCIA's decisions and actions to date, we cannot guarantee conflicts will not arise in the future.

We are highly dependent on the services of key executives, the loss of whom could materially harm our business and our strategic direction. If we lose key management or significant personnel, cannot recruit qualified employees, directors, officers, or other personnel or experience increases in our compensation costs, our business may materially suffer.

We are highly dependent on our management team, specifically Isaac Dietrich, Stewart Fortier, and Daniel Hunt. While we have employment agreements currently with Isaac Dietrich, Stewart Fortier, and Daniel Hunt, which outline their respective roles and responsibilities, as Chief Executive Officer, Chief Technology Officer, and Chief Operating Officer, respectively, such employment agreements permit the parties thereto to terminate such agreements upon notice. If we lose key employees, our business may suffer. Furthermore, our future success will also depend in part on the continued service of our key scientific and management personnel and our ability to identify, hire, and retain additional personnel. We do not carry "key-man" life insurance on the lives of any of our executives, employees or advisors. We experience intense competition for qualified personnel and may be unable to attract and retain the personnel necessary for the development of our business. Because of this competition, our compensation costs may increase significantly.

We will need to raise additional capital to continue operations over the coming year.

We anticipate the need to raise approximately \$2,500,000 in capital to fund our operations through December 31, 2016; however, we hope to raise a significant amount of these funds through the exercise of warrants or through this Offering. As of March 30, 2016, we would receive over \$4 million from the exercise of our warrants that are priced below our current market price. We expect to use these cash proceeds from the exercise of warrants, in addition to the current capital on hand, primarily to accelerate our user growth, implement consumer-facing features to boost engagement, develop and market a self-service advertising portal for cannabis-related businesses, and remain in full legal and accounting compliance with the SEC. We cannot guarantee that we will be able to raise these required funds or generate sufficient revenue to remain operational.

Our monetization strategy is dependent on many factors outside our control.

There is no guarantee that our efforts to monetize the MassRoots network will be successful. Furthermore, our competitors may introduce more advanced advertising portals that deliver a greater value proposition to cannabis related businesses over the coming months. For example, Google, Facebook and Twitter may decide to allow dispensary-related advertising on their platforms, significantly increasing the competitive environment. Users may stop using our products for many reasons, including the addition of advertising, preventing any monetization from occurring. The development of our advertising platform may take longer than expected and cost more money than projected. Dispensaries may not have credit or bank cards due to banking regulations, which could significantly increase the cost and time required for us to generate revenue. All these factors individually or collectively may preclude us from effectively monetizing our business.

Changes in Apple App Store or Google Play Store policies could result in our mobile applications being de-listed. In addition, our third party service providers' may decline to provide services due to their policies, or cease to provide services previously provided to us due to a change of policy.

On November 4, 2014, the MassRoots App was removed from Apple's iOS App Store due to the App Store review team changing their app enforcement guidelines to prohibit all social cannabis applications. After negotiation with Apple and the addition of certain restrictions, the MassRoots App returned to the App Store in February 2015.

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While we are grateful to Apple for reversing its decision, we cannot guarantee this policy will remain in place forever. The Apple App Store is one of the largest content distribution channels in the world and is the only way to effectively distribute our iOS application to users who own iPhones and iPads, a group which, as of February 2015, made up approximately 41.6% of the United States smartphone market. The Apple App Store review team effectively operates as our iOS App's regulator – they decide what rules that iOS apps must operate under and how to enforce those regulations. The rules related to cannabis-related apps are not published, enforcement of those rules is difficult to predict, and the review and appeal processes are conducted in secret without public oversight. While we will continue pushing for a more open and transparent App Store review process that will allow decisions that affect approximately 41.6% of the United States smartphone owning population to be open to public scrutiny, there can be no assurance that we will be successful in these efforts.

MassRoots has not encountered issues with the Google Play Store nor have any of our competitors. However, under their respective developer license agreements, Apple and Google have the right to update their App Store and Play Store policies, respectfully, to prohibit cannabis-related applications at any time. This could result in many prospective users being unable to access and join our network and existing users being unable to access our App. If this occurred, this would significantly harm our business model.

In addition, service providers may refuse to provide services to us, even if they had previously provided such service, due to our status as a cannabis related company. For example, in January 2016, after building a strong presence on Instagram and having previously used this account to grow our user count and highlight posts on our network, our account was suspended without warning by Instagram. While the account was reinstated on February 26, 2016, we may face similar situations in the future that may cause disruptions to our business plan.

Government actions or digital distribution platform restrictions could result in our products and services being unavailable in certain geographic regions, harming future growth.

Due to our connections to the cannabis industry, governments and government agencies could ban or cause our network or apps to become unavailable in certain regions and jurisdictions. This could greatly impair or prevent us from registering new users in affected areas and prevent current users from accessing the network. In addition, government action taken against our service providers or partners could cause our network to become unavailable for extended periods of time.

In addition, as discussed elsewhere in this prospectus, as part of our agreement with Apple for our application's return to the Apple App Store, we agreed to limit registration of new members within our iOS application to the locations where cannabis is legal (medicinally or recreationally) at the state level. While this does not prevent users from registering on our website, it does limit some potential users from accessing our network. Expansions of these policies by Apple or Google could slow our user registration rate and harm the Company's growth.

Failure to generate user growth or engagement could greatly harm our business model.

Our business model is reliant on its ability to attract and retain new users. There is no guarantee that growth strategies used in the past will continue to bring new users to the network. Changes in relationships with our partners, contractors and businesses we retain to grow the network may result in significant increases in the cost to acquire new users. Additionally, new users may fail to engage with the network to the same extent current users are, resulting in decreased usage of the network. Decreases in the size of our user base and/or decreased engagement on the network would greatly impair our ability to generate revenue.

Failure to attract advertising clients could greatly harm our ability to generate revenue.

Our ability to generate revenue is dependent on the continued growth of the network and its ability to convince advertisers of its value. Should we prove unable to continue to grow our network or register advertising partners as the network grows, our ability to generate revenue would be greatly compromised. There is no guarantee businesses will want to advertise on our network or that we will be able to generate revenue from its existing user base.

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We generate most of our revenue from advertising. The loss of advertisers, or reduction in spending by advertisers with MassRoots, could seriously harm our business.

Most of our revenue is currently generated from third parties advertising on MassRoots. As is common in the industry, our advertisers typically do not have long-term advertising commitments with us. In addition, advertisers may view some of our products as experimental and unproven. Advertisers will not continue to do business with us, or they will reduce the prices they are willing to pay to advertise with us, if we do not deliver ads and other commercial content in an effective manner, or if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives. Our advertising revenue could be adversely affected by a number of other factors, including:

- decreases in user engagement, including time spent on MassRoots;
- our inability to improve our analytics and measurement solutions that demonstrate the value of our ads and other commercial content;
- loss of advertising market share to our competitors;
- adverse legal developments relating to advertising, including legislative and regulatory developments and developments in litigation;
- adverse media reports or other negative publicity involving us, our Platform developers, or other companies in our industry;
- our inability to create new products that sustain or increase the value of our ads and other commercial content;
- changes in the way online advertising is priced;
- the impact of new technologies that could block or obscure the display of our ads and other commercial content; and
- the impact of macroeconomic conditions and conditions in the advertising industry in general.

The occurrence of any of these or other factors could result in a reduction in demand for our ads and other commercial content, which may reduce the prices we receive for our ads and other commercial content, or cause advertisers to stop advertising with us altogether, either of which would negatively affect our revenue and financial results.

User engagement and growth depends on software and device updates beyond our control.

Our applications and websites are currently available on multiple operating systems, including iOS and Android, across multiple different manufacturers, including Motorola, LG, Apple and Samsung, on thousands of different individual devices. Changes to the device infrastructure or software updates on these devices could render our platforms and services useless or inoperable and require user's to utilize our website rather than through the specific application for the user's device. This could decrease engagement among current users and devalue our value proposition to advertisers.

We may be unable to manage growth, which may impact our potential profitability.

Successful implementation of our business strategy requires us to manage our growth. Growth could place an increasing strain on our management and financial resources. To manage growth effectively, we will need to:

- Establish definitive business strategies, goals and objectives;
- Maintain a system of management controls; and
- Attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees.

If we fail to manage our growth effectively, our business, financial condition or operating results could be materially harmed, and our stock price may decline.

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We may not be able to compete successfully with other established companies offering the same or similar services and, as a result, we may not achieve our projected revenue and user targets.

If we are unable to compete successfully with other businesses in our existing market, we may not achieve our projected revenue and/or user targets. We compete with both start-up and established technology companies. Compared to our business, some of our competitors may have greater financial and other resources, have been in business longer, have greater name recognition and be better established in the technological or cannabis markets.

Expansion by our well-established competitors into the cannabis industry could prevent us from realizing anticipated growth in users and revenues.

Competitors in the social network space, such as Twitter and Facebook, have continued to expand their businesses in recent years into other social network markets. If they decided to expand their social networks into the cannabis community, this could hurt the growth of our business and user base and cause our revenues to be lower than we expect.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes could substantially harm our business and results of operations.

We are subject to general business regulations and laws as well as Federal and state regulations and laws specifically governing the Internet and e-commerce. Existing and future laws and regulations may impede the growth of the Internet, e-commerce or other online services, and increase the cost of providing online services. These regulations and laws may cover sweepstakes, taxation, tariffs, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, broadband residential Internet access and the characteristics and quality of services. It is not clear how existing laws governing issues such as property ownership, sales, use and other taxes, libel and personal privacy apply to the Internet and e-commerce. Unfavorable resolution of these issues may harm our business and results of operations.

The failure to enforce and maintain our intellectual property rights could enable others to use names confusingly similar to MassRoots, Inc. and other names and marks used by our business, which could adversely affect the value of the brand.

The success of our business depends on our continued ability to use our existing trade name in order to increase our brand awareness. In that regard, we believe that our trade name is valuable asset that is critical to our success. As of the date of this prospectus, our previous trademark application was deemed abandoned. We intend to reapply for our trademark. The unauthorized use or other misappropriation of our trade name could diminish the value of our business concept and may cause a decline in our revenue.

We expect to incur substantial expenses to meet our reporting obligations as a public company. In addition, failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting and could harm our ability to manage our expenses.

We estimate that it will cost approximately \$150,000 annually to maintain the proper management and financial controls for our filings required as a public reporting company. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in our stock price and adversely affect our ability to raise capital.

Due to our involvement in the cannabis industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liabilities.

Insurance that is otherwise readily available, such as workers compensation, general liability, and directors and officers insurance, is more difficult for us to find and more expensive, because we are a service provider to companies in the cannabis industry. There are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

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In December 2015, MassRoots began offering health, dental and vision insurance to its employees at an estimated monthly cost of \$10,000. MassRoots also carries general liability and worker’s compensation insurance for its employees. We do not currently hold any other forms of insurance, including directors’ and officers’ insurance. Because we do not have any insurance, if we are made a party of a legal action, we may not have sufficient funds to defend the litigation. If that occurs a judgment could be rendered against us that could cause us to cease operations.

Participants in the cannabis industry may have difficulty accessing the service of banks, which may make it difficult for us to operate.

Despite recent rules issued by the United States Department of the Treasury mitigating the risk to banks who do business with cannabis companies operating in compliance with applicable state laws, as well as recent guidance from the United States Department of Justice, banks remain wary of accepting funds from businesses in the cannabis industry. Since the use of cannabis remains illegal under Federal law, there remains a compelling argument that banks may be in violation of Federal law when accepting for deposit funds derived from the sale or distribution of cannabis. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking relationships. Although we currently have a bank account, our inability to open additional bank accounts or maintain our current account may make it difficult (and potentially impossible) for us, or some of our advertisers, to do business.

Risks Relating to our Common Stock and Offering

We may allocate net proceeds from this offering in ways which differ from our estimates based on our current plans and assumptions discussed in the section entitled “Use of Proceeds” and with which you may not agree.

The allocation of net proceeds of the offering set forth in the “Use of Proceeds” section below represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, our future revenues and expenditures. The amounts and timing of our actual expenditures will depend on numerous factors, including user growth, success of our MassRoots for Business initiatives, cash generated by our operations and business developments. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used are discussed in the section entitled “Use of Proceeds” below. You may not have an opportunity to evaluate the information on which we base our decisions on how to use the proceeds and may not agree with the decisions made. Additional information is available in the “Use of Proceeds” this prospectus.

The market price for our common stock may be particularly volatile given our status as a relatively unknown company, with a limited operating history and lack of profits which could lead to wide fluctuations in our share price. You may be unable to sell your common stock at or above your purchase price, which may result in substantial losses to you.

Our stock price may be particularly volatile when compared to the shares of larger, more established companies that trade on a national securities exchange and have large public floats. The volatility in our share price will be attributable to a number of factors. First, our common stock will be compared to the shares of such larger, more established companies, sporadically and thinly traded. As a consequence of this limited liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could decline precipitously in the event that a large number of shares of our common stock are sold on the market without commensurate demand. Second, we are a speculative or “risky” investment due to our limited operating history and lack of profits to date, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a larger, more established company that trades on a national securities exchange and has a large public float. Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time. Moreover, the OTCQB is not a liquid market in contrast to the major stock exchanges. We cannot assure you as to the liquidity or the future market prices of our common stock if a market does develop. If an active market for our common stock does not develop, the fair market value of our common stock could be materially adversely affected.

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Since our securities are subject to penny stock rules you may have difficulty selling your shares.

Our shares of common stock are “penny stocks” and are covered by Section 12(g) of the Exchange Act, which imposes additional sales practices on broker/dealers who sell our securities, including the delivery of a standardized disclosure document; disclosure and confirmation of quotation prices; disclosure of compensation the broker/dealer receives; and furnishing monthly account statements. For sales of our securities a broker/dealer must make a special suitability determination and receive from its client a written agreement prior to making a sale. The imposition of the foregoing additional sales practices could adversely affect a shareholder’s ability to dispose of his stock. and decrease the price of our common stock.

In addition, although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of “penny stocks.” As a result, we will not have the benefit of this safe harbor in the event of a private legal action against us based on a claim that any forward-looking statement in our reports contained a material misstatement of fact or omitted a material fact necessary to make the statement not misleading. Such an action, whether successful or not, could have a material adverse effect on our business.

Our stockholders may experience significant dilution from the exercise of warrants to purchase shares of our Common Stock and the conversion of debentures into shares of our Common Stock.

We currently have outstanding warrants to purchase a total of 3,415,275 shares of our common stock at an exercise price of \$0.40, outstanding warrants to purchase 3,963,659 shares of our common stock at an exercise price of \$0.001 per share, outstanding warrants to purchase 2,309,335 shares of our common stock at an exercise price of \$1.00 per share, outstanding warrants to purchase 175,000 shares of our common stock at an exercise price of \$0.90 per share, outstanding warrants to purchase 100,000 shares of our common stock at an exercise price of \$0.50 per share, outstanding warrants to purchase 146,200 shares of our common stock at an exercise price of \$1.06 per share, outstanding warrants to purchase 407,475 shares of our common stock at an exercise price of \$3.00 per share, outstanding warrants to purchase 407,750 shares of our common stock at an exercise price of \$3.00 per share, outstanding warrants to purchase 50,000 shares of our common stock at an exercise price of \$0.60 per share, and outstanding warrants to purchase 100,000 shares of our common stock at an exercise price of \$0.83 per share. Further, we have outstanding convertible debentures in the aggregate amount of \$209,100 redeemable via conversion into shares of our common stock at \$0.10 per share. Lastly, under the 2014 and 2015 Employee Equity Incentive Plans, disregarding current vesting schedules, there are 1,500,000 options outstanding at \$0.10 per share, 978,000 options at \$0.50 per share, 105,000 options at \$0.60 per share, 1,955,000 options at \$0.90 per share, 110,000 options at \$0.80 per share, 100,000 options at \$0.83 per share, 850,000 options at \$1.00 per share, and 462,500 options at \$1.06 per share. Accordingly, if such warrants and options are exercised and debentures are converted, in whole or part, prior to their respective expiration dates, holders of our common stock may experience substantial dilution. In addition, the likelihood of such dilution may be accelerated if the price of our common stock increases to a level greater than the exercise price of these warrants.

Because we can issue additional shares of common stock, purchasers of our common stock may incur immediate dilution and experience further dilution.

We are authorized to issue up to 200,000,000 shares of common stock, of which 47,666,465 shares of common stock are issued and outstanding as of March 30, 2016. Our Board of Directors has the authority to cause us to issue additional shares of common stock and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, the stockholders may experience more dilution in their ownership of our stock in the future.

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We are applying for listing of our common stock on the NASDAQ Capital Market. We can provide no assurance that our common stock qualify to be listed, and if listed, that our common stock will continue to meet NASDAQ listing requirements. If we fail to comply with the continuing listing standards of the NASDAQ Capital Market, our securities could be delisted.

We expect that our common stock will be eligible to be listed on the NASDAQ Capital Market. However, we can provide no assurance that our application will be approved, and that an active trading market for our common stock will develop and continue. As a result, you may find it more difficult to purchase and dispose of our common stock and to obtain accurate quotations as to the value of our common stock. For our common stock to be listed on the NASDAQ Capital Market, we must meet the current NASDAQ Capital Market initial and continued listing requirements. If we were unable to meet these requirements, our common stock could be delisted from the NASDAQ Capital Market. If our common stock were to be delisted from the NASDAQ Capital Market, our common stock could continue to trade on the over-the-counter bulletin board following any delisting from the NASDAQ Capital Market. Any such delisting of our common stock could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Also, if in the future we were to determine that we need to seek additional equity capital, it could have an adverse effect on our ability to raise capital in the public or private equity markets.

We may be required to complete a reverse stock split of our outstanding common stock in order to meet the initial listing requirements of the NASDAQ Capital Market. However, we cannot assure you that we will be able to continue to comply with the minimum price requirements of the NASDAQ Capital Market.

We may be required to complete a reverse stock split in order to achieve the requisite increase in the market price of our common stock to be in compliance with the minimum price requirements of the NASDAQ Capital Market. We cannot assure you that the market price of our common stock following the reverse stock split will remain at the level required for the period of time required for listing or for continuing compliance with that requirement. It is not uncommon for the market price of a company's common stock to decline in the period following a reverse stock split. If the market price of our common stock declines following the effectuation of a reverse stock split, the percentage decline may be greater than would occur in the absence of a reverse stock split. In any event, other factors unrelated to the number of shares of our common stock outstanding, such as negative financial or operational results, could adversely affect the market price of our common stock and jeopardize our ability to obtain or maintain the NASDAQ Capital Market's minimum price requirements. In addition to specific listing and maintenance standards, the NASDAQ Capital Market has broad discretionary authority over the initial and continued listing of securities, which it could exercise with respect to the listing of our common stock.

Even if a reverse stock split increases the market price of our common stock, there can be no assurance that we will be able to comply with other initial or continued listing standards of the NASDAQ Capital Market.

Even if the market price of our common stock increases sufficiently so that we comply with the minimum bid price requirement, we cannot assure you that we will be able to comply with the other standards that we are required to meet in order to achieve or maintain a listing of our common stock sold in this offering on the NASDAQ Capital Market. Our failure to meet these requirements may result in our common stock sold in this offering being delisted from the NASDAQ Capital Market, irrespective of our compliance with the minimum bid price requirement.

A reverse stock split may decrease the liquidity of the shares of our common stock.

The liquidity of the shares of our common stock may be affected adversely by a reverse stock split given the reduced number of shares that will be outstanding following a reverse stock split, especially if the market price of our common stock does not increase as a result of the reverse stock split.

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Following a reverse stock split, the resulting market price of our common stock may not attract new investors, including institutional investors, and may not satisfy the investing requirements of those investors. Consequently, the trading liquidity of our common stock may not improve.

Although we believe that a higher market price of our common stock may help generate greater or broader investor interest, we cannot assure you that the reverse stock split will result in a share price that will attract new investors.

We are classified as an “emerging growth company” as well as a “smaller reporting company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably opted out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, and (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Notwithstanding the above, we are also currently a “smaller reporting company.” Specifically, similar to “emerging growth companies,” “smaller reporting companies” are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings. Decreased disclosures in our SEC filings due to our status as an “emerging growth company” or “smaller reporting company” may make it harder for investors to analyze our results of operations and financial prospects.

Because directors and officers currently and for the foreseeable future will continue to control MassRoots, it is not likely that you will be able to elect directors or have any say in the policies of MassRoots.

Our shareholders are not entitled to cumulative voting rights. Consequently, the election of directors and all other matters requiring shareholder approval will be decided by majority vote. The directors and officers of MassRoots beneficially own approximately 48% of our outstanding common stock. Due to such significant ownership position held by our insiders, new investors may not be able to effect a change in our business or management, and therefore, shareholders would have no recourse as a result of decisions made by management.

In addition, sales of significant amounts of shares held by our officer and directors, or the prospect of these sales, could adversely affect the market price of our common stock. Management’s stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

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Since we intend to retain any earnings for development of our business for the foreseeable future, you will likely not receive any dividends for the foreseeable future.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

Statements under “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Description of Business” and elsewhere in this prospectus may be “forward-looking statements.” Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements include, among other things, statements regarding:

- the growth of our business and revenues and our expectations about the factors that influence our success;
- our plans to continue to invest in systems, facilities, and infrastructure, increase our hiring and grow our business;
- our plans for our MassRoots for Business portal and the strategy and timing of any plans to monetize our network, including the paid conversion rates;
- our user growth expectations;
- our ability to attain funding and the sufficiency of our sources of funding;
- our expectation that our cost of revenues, development expenses, sales and marketing expenses, and general and administrative expenses will increase;
- fluctuations in our capital expenditures; and
- our plans for potential business partners and any acquisition plans;

as well as other statements regarding our future operations, financial condition and prospects, and business strategies. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this registration statement, of which this prospectus is a part, including the risks described under “Risk Factors.” Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances that occur in the future.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we may have projected. Any forward-looking statements you read in this prospectus reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, financial condition, growth strategy and liquidity. You should specifically consider the factors identified in this prospectus that could cause actual results to differ before making an investment decision. In addition, as discussed in “Risk Factors,” our shares may be considered a “penny stock” and, as a result, the safe harbors provided for forward-looking statements made by a public company that files reports under the federal securities laws may not be available to us.

TAX CONSIDERATIONS

We are not providing any tax advice as to the acquisition, holding or disposition of the securities offered herein. In making an investment decision, investors are strongly encouraged to consult their own tax advisor to determine the U.S. Federal, state and any applicable foreign tax consequences relating to their investment in our securities.

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USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of our Common Stock and Warrants in this Offering will be approximately \$[] million, assuming an initial public offering price of \$[], after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

MassRoots expects to use the net proceeds from this offering for our general corporate purposes and working capital, to accelerate user-growth, develop new feature sets for our mobile applications, expand the services we offer to businesses and to meet the enhanced corporate governance and reporting requirements mandated by the Nasdaq Capital Markets. However, any proceeds received by the Company may be used for other purposes that the Board of Directors, in its good faith, deems to be in the best interest of the Company.

Below is our estimate of how we expect the proceeds to be used:

Use of Proceeds	Amount
Gross Proceeds	\$
Offering expenses	\$
Net proceeds	\$
Marketing, sales and business development	\$
Working capital and operating expenses	\$
Repayment of Bridge Notes	\$

However, any proceeds received by the Company may be used for other purposes that the Board of Directors, in its good faith, deems to be in the best interest of the Company. Our actual expenditures may vary significantly depending on numerous factors and circumstances, include:

- the need or desire on our part to accelerate, increase or eliminate existing initiatives due to, among other things, changes in our projections relating to user count, changing market conditions (due to either the cannabis and/or technological sectors) and/or new competitive developments;
- the existence of other opportunities or the need to take advantage of changes in timing of our existing activities; and/or
- if strategic opportunities of which we are not currently aware present themselves, including acquisitions, joint ventures or other similar transactions.

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of capital, including the proceeds of this offering, is being optimized.

DILUTION

If you invest in our common stock in this offering, your investment will be immediately and substantially diluted to the extent of the difference between the public offering price per share of our Common Stock and the pro forma net tangible book value per share of our common stock after giving effect to this Offering.

Our net tangible book value as of December 31, 2015 was \$[], or approximately \$[] per share. Net tangible book value per share represents our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding.

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Net tangible book value dilution per share of common stock to new investors represents the difference between the amount per share paid by purchasers in this Offering and the as-adjusted net tangible book value per share of common stock immediately after completion of this Offering. After giving effect to our sale of the maximum number of [] shares of Common Stock in this Offering at an assumed public offering price of \$[], and after deduction of estimated underwriting discounts and commissions and estimated Offering expenses payable by us, our pro forma [as-adjusted] net tangible book value as of December 31, 2015 would have been \$[] million, or \$[] per share. This represents an immediate increase in pro forma net tangible book value of \$[] per share to existing stockholders and an immediate dilution in net tangible book value of \$[] per share to investors of this offering, as illustrated in the following table:

Assumed offering price per share	\$
Actual net tangible book value per share before this Offering as of December 31, 2015	\$
Increase in net tangible book value per share attributable to new investors	
Pro forma as adjusted net tangible book value per share after this Offering as of December 31, 2015	
Dilution in net tangible book value per share to new investors in the Offering	

The following table summarizes, on a pro forma basis as of December 31, 2015, the total number of shares purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by existing stockholders and by new investors in this offering at an assumed initial public offering price of \$ per share, before deducting estimated underwriting discounts and commissions and offering expenses payable by us. As the table shows, new investors purchasing the offered securities will pay an average price per share substantially higher than our existing stockholders paid.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing stockholders		%	\$	%	\$
New investors		%		%	
Total		%	\$	%	

The table above is based on shares outstanding as of December 31, 2015 and includes [].

The table above excludes: []

DIVIDEND POLICY

We have never paid any cash dividends on our common stock and anticipate that, for the foreseeable future, no cash dividends will be paid on our common stock.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2015 and as adjusted to give effect to the sale of the Common Stock and the application of the estimated net proceeds derived from the sale of such securities in this Offering:

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	As of December 31, 2015	
	Actual	As Adjusted
Preferred Series A stock outstanding (includes retroactive adjustment for subsequent conversion)	—	—
Common stock outstanding (shares)	46,939,965	
Common stock to be issued and sold in the Offering (shares)	624,000	
Additional paid in capital	\$ 12,096,744	\$ []
Retained deficit	\$ (11,832,521)	\$ []
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	\$ 316,737	\$ []

DESCRIPTION OF BUSINESS

Organization

We were incorporated in the state of Delaware on April 26, 2013 as a social network for the cannabis community.

Our principal executive office is located at MassRoots, Inc., 1624 Market Street, Suite 201, Denver, CO 80202, and our telephone number is (720) 442-0052.

For the year ended December 31, 2015, we raised an aggregate of \$3,617,663 from the sale of our securities (including the exercise of previously issued warrants for the purchase of our common stock). For the year ended December 31, 2015, we had a net loss of \$8,472,898.

Our independent registered public accounting firm has issued an audit opinion for our Company, which includes an explanatory paragraph expressing substantial doubt as to our ability to continue as a going concern.

Emerging Growth Company

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies.

Section 107(b) of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably opted out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

We could remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues are \$1 billion, as adjusted, or more, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, and (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

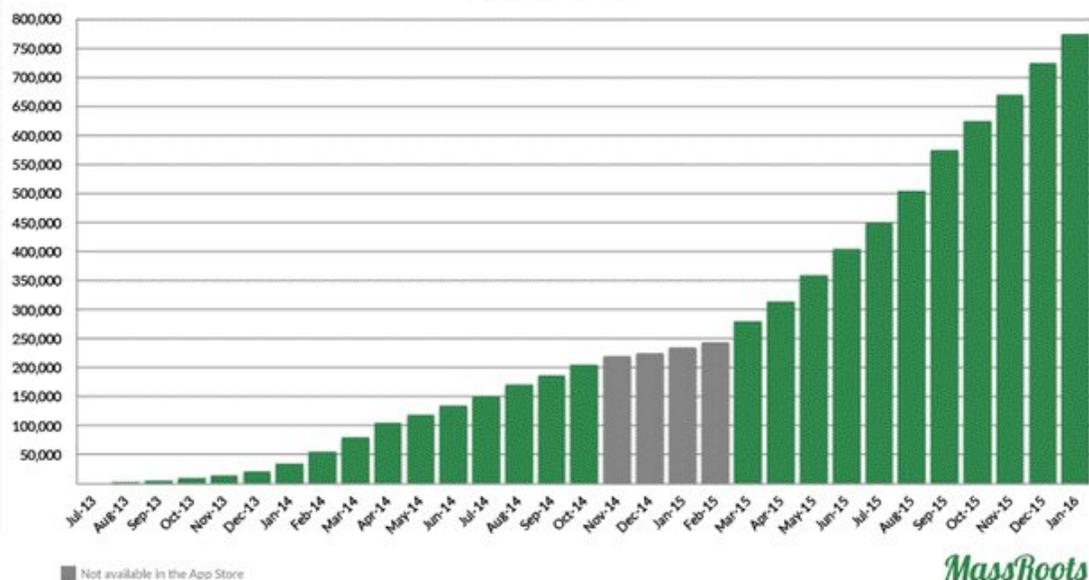
Background

MassRoots was formed in April 2013 as a social network for the cannabis community. In July 2013, we launched in the App Store and since that time, have grown into a community of more than 775,000 cannabis consumers. Our users utilize MassRoots to share their cannabis experiences, follow their favorite dispensaries, and stay informed of legalization updates. Businesses use MassRoots to advertise their products directly to cannabis consumers. Our growth has been primarily driven by MassRoots' increasing popularity as one of the first national cannabis brands and word of mouth virility from our users. We believe that by creating a central community of hundreds of thousands of cannabis consumers, we are creating a valuable marketing channel for cannabis and its ancillary products.

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MassRoots' User Growth

July 2013 - Present



As a technology company, MassRoots is able to rapidly scale its products and services with minimal marginal costs – each additional user or business that we add to our platform adds negligible server hosting costs. It also allows us to have exposure to every regulated cannabis market without establishing a physical presence in each state. This minimizes the costs of scaling and required capital while, at the same time, offering a direct role in the cannabis industry without ever touching the plant itself.

MassRoots has strong relationships in both the technology and cannabis industries. As a semi-finalist for the Extreme Tech Challenge, MassRoots was introduced to some of the leading technology investors and developers in Silicon Valley and became one of the first cannabis-related companies to present on stage at the Consumer Electronics Show (CES) in early 2016. At the same time, MassRoots raised much of its seed-stage capital from the ArcView Group, the largest network of cannabis investors and businesses in the industry, enabling the Company to develop relationships with the key plays in the cannabis sector.

Definitions of Key Metrics

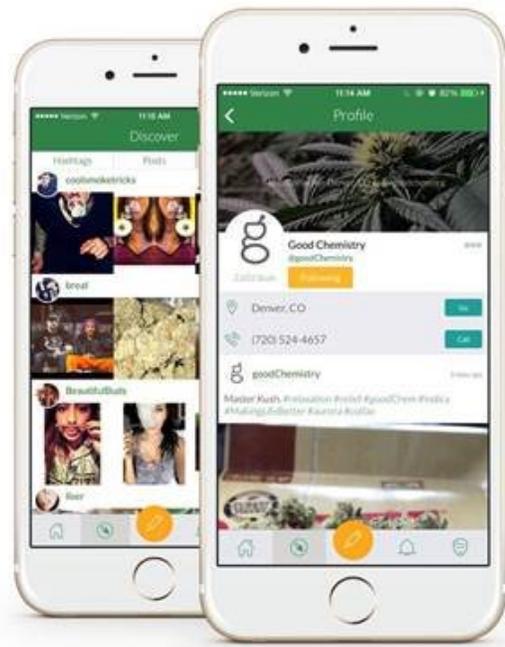
Total users ("Users") is defined as every user who currently has an account with MassRoots. It does not include users who have deleted their account. It does not reflect active usage over any set period of time.

User interactions ("Interactions") is defined as anytime a User follows another User, posts a status, comments on a status, or likes a status.

Our Products and Services

Our technology platform consists of our consumer-facing social network (accessible through our Android application, iOS application, and web portal) and our business-facing advertising portal, MassRoots for Business.

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Examples showing the current user interface of our iOS application.

The MassRoots network is accessible as a free mobile application through the iOS App Store, the Google Play Marketplace, and as a website at www.MassRoots.com. These applications and services work in a similar manner as other social networks, such as Facebook, Instagram, Twitter and Vine.

Users may create a profile by choosing a username, setting their password and agreeing to our Terms and Conditions. We do not require users' real names, email address or phone numbers.

- Users have the ability to follow other users on the network. By “following” an account, users are essentially “opting-in” to their posts, allowing them to be displayed on their newsfeed.
- Users' newsfeed displays all the posts from users that they follow in reverse-chronological order, with the most recent posts being at the top. A user's profile page displays all the posts from that particular user.
- Users have the ability to like, comment and report statuses from other users. By “liking” a status, a user is indicating his or her approval of the post's content. By commenting on a status, users are free to voice their opinions or comments on the post's content. By reporting a status, users can flag content that violates our Terms and Conditions, including spam, harassing content and posts about other drugs.
- Users have the ability to tag other users and use hashtags to categorize posts. By using the “@” symbol followed by a username, users can tag other users in posts they want them to see or if they are included in the picture or post. By using the “#” followed by a categorical word, users can categorize posts based on their content.
- Users have the ability to post pictures with text captions or just text statuses.
- Users have the ability to search for users based on their username and the ability to search by hashtag to display all results within a particular category. Users can sort hashtag searches by their popularity or when they were posted.

- Users have the option to provide their phone number to MassRoots (but is not required) so their friends can search their contacts for friends with a MassRoots profile. Users also have the ability to invite their contacts that are not on MassRoots to join via text message.
- Whenever an Interaction takes place involving a user (follow, like, comment, tag), they are sent a push notification on their mobile device notifying them of the action.
- Users have the ability to set their profile to public and private, as well as enabling and disabling web-access. By setting their profile to public, any user on MassRoots' apps will be able to see the public profile's posts and follow the account. When a profile is private, another user must request to follow their account and the account owner must grant permission before they can view any of the account's posts. By setting an account to web-enabled, it allows public profiles to be visible via the MassRoots website. By setting an account to web-disabled, both public and private profiles are not viewable through www.MassRoots.com.

In early December 2015, MassRoots released a new web platform, indexing the public content on MassRoots on Google for the first time. Alexa ratings are a public measure of a website's popularity and are used by advertising agencies to gauge websites' advertising value – similar to a Nielsen rating for television broadcast. During the month of January 2016, MassRoots.com experienced its highest ever Alexa ratings 21 out of the 31 days of the month, reflecting increasing amounts of web traffic. Over the coming months, MassRoots plans to introduce new features to our network to accelerate our user growth, boost retention, and open additional revenue streams.

MassRoots for Business

We launched MassRoots for Business in early March 2015 as an online portal for dispensaries to schedule posts, view analytics and gain insights into their followers. The basic service is available to businesses for no cost. Over 1,000 cannabis businesses were utilizing MassRoots for Business as of December 31, 2015, including 62% of the dispensaries in Colorado.

MassRoots for Business operates in the following manner:

- A business can register for the MassRoots for Business portal with its name, business name, email address, phone number, MassRoots username and password (to verify ownership of a particular page).
- A MassRoots employee will then review the account to ensure it is in full compliance with state law. This may involve requiring the dispensary to provide its state dispensary license.
- The business can then access the MassRoots for Business portal, which will consist of five main pages: Dashboard, Posts, Profile, Billing and Contact.
- On the Dashboard, a business can view all the main analytics regarding its account: its follower count, likes per post, total reach of its posts and advertising, and balance on its account. Interactive graphs will allow businesses to track these metrics over time.
- On the Posts page, businesses can schedule posts, view analytics, and promote popular content.
- On the Profile page, businesses can edit their description, username, profile picture, URL, address, contact email, contact phone number and schedule future posts.
- On the Billing page, businesses can enter their credit card information and view past receipts of payment. The advertising portal will operate on a pre-paid basis.
- On the Contact page, businesses can contact a MassRoots employee with any questions or issues.

We started monetizing MassRoots' network in August 2015 through advertising. We currently offer businesses the ability to sponsor posts through widely-followed MassRoots accounts run by our employees, have their products featured in our weekly email newsletter to over 500,000 opt-in email subscribers, and sponsor content on the MassRoots blog. We generated over \$150,000 in revenue through these channels in the last 4 months of 2015. We believe the revenue MassRoots is generating will continue to reduce the Company's monthly negative cash flow.

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MassRoots' business model is designed to scale as marijuana legalization continues to spread. Every state that legalizes the medicinal or adult-use of cannabis expands the number of licensed businesses in the industry, increasing our potential customer base and potential revenues.

Monetization of Our Network and Other Long Term Plans

While MassRoots does not collect Users' names or phone numbers, we still collect a sufficient amount of information to effectively monetize our network. For instance:

- Based on the nature of someone downloading and using MassRoots, we know they are an active cannabis consumer or enthusiast.
- When a User accesses MassRoots' apps and websites, we are able to collect Users' location information down to the zip code.
- Based on the pictures and hashtags a User posts, we can determine what type of cannabis they prefer to consume; how they prefer to consume it; what time of day they are most active.
- Based on the usertags that a User posts, we can determine who their friends are and who is within their social circle of influence.

Because we do not collect personally-identifiable information, this data has relatively little value outside of our network, so MassRoots has no intention of selling or disclosing this information to third parties for use outside of our network. However, it has significant value when used to target advertising and services directly to Users within the MassRoots network; therefore, it is of the highest importance that MassRoots is able to build out products and services that keep our Users engaged and on the network for extended periods of time. The amount of revenue MassRoots may be able to generate per User is directly correlated to the time they spend on the network, their engagement with other Users and the quality of posts they put on the network. Additionally, the number of Apps, Websites and Services built using MassRoots' APIs will also significantly impact the value per User – so long as MassRoots is integrated with these third party applications, we will be able to collect data, serve advertising and boost engagement to, from and between our Users, increasing their value.

Integration with Dispensary Point of Sale Systems

During the third quarter of 2016, we expect to begin integrating MassRoots with dispensary point of sale systems, enabling businesses to target advertising to Users based on their purchasing history. For example, if a particular User goes to a dispensary every week for a month and purchases a chocolate brownie edible and then does not come back for two weeks, the dispensary would be able to send them a targeted ad offering them 20% off their next chocolate brownie edible purchase. The dispensary would be able to control the advertising offer, the targeting options, and all other relevant information. This will enable cannabis-related businesses to use data to target advertising directly to the consumers most likely to take action based on them, very similar to other social networks.

To facilitate this integration with dispensary point of sale systems, during the second quarter of 2015, MassRoots invested \$175,000 in exchange for preferred shares of Flowhub LLC ("Flowhub"), a seed-to-sale system, equal to 8.95% of the then outstanding equity of Flowhub. Since that time, we have been working with Flowhub to integrate their system with our network. We believe that Flowhub has developed the "next generation" of seed-to-sale software and believe there is tremendous amount of synergies between the data both MassRoots and Flowhub collect. We believe that by consolidating data from such cannabis point of sale systems, grow operations, and our consumer-facing social network, we will have some of the most important data available in the cannabis industry.

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User Growth and Product Distribution Channels

The MassRoots app is distributed free of charge through the iOS App Store and the Google Play Marketplace. Prospective users can search for MassRoots on these platforms, read user-reviews and make a decision on whether to download and utilize the MassRoots app. The MassRoots network is also accessible through desktop and mobile web browsers by navigating to www.MassRoots.com. Our MassRoots for Business portal is distributed at Business.MassRoots.com where businesses may request access.

MassRoots has primarily gained Users through organic growth - Users telling their friends to join the network. This is supported by the number of endorsements MassRoots receives on Instagram and Twitter, viewable by searching “#MassRoots”.

MassRoots also retains the owners of several widely-followed Instagram, Facebook and Twitter accounts as independent contractors. We estimate there are over 6,000,000 people actively posting about cannabis or following cannabis-related pages on Instagram – our team viewed this as the easiest market for us to capture as these users were already discussing cannabis in a social environment on a mobile application.

Apple App Store Removal, User Support and Restatement, and Similar Matters

On November 4, 2014, the MassRoots App was removed from Apple’s iOS App Store due to what we originally believed was a compliance issue with the App Store review team. Existing iOS users were still able to access and use the MassRoots App; however, new users were prohibited from downloading it. We discovered that this was a result of the App Store review team changing their app enforcement guidelines to prohibit all social cannabis applications.

When we learned of the true nature of this policy change, we immediately began organizing the cannabis community and industry against it. In early January 2015, we co-signed a letter to Apple’s CEO, Tim Cook, along with several cannabis business leaders, arguing that the App Store’s policies were stifling innovation in the cannabis industry. Over 10,000 of our users sent personal emails to Apple advocating why MassRoots should return to the App Store – with their arguments ranging from freedom of speech and expression to cannabis patients suffering from anxiety who need social support networks.

In early February 2015, an App Store representative informed us Apple had revised its enforcement guidelines – social cannabis applications that were geo-restricted to the 23 states with medical cannabis laws were once again permitted. On February 12, 2015, MassRoots returned to the App Store after we implemented the geo-restrictions.

While we are grateful to Apple for reversing its decision, we cannot guarantee this policy will remain in place. The iOS App Store is one of the largest content distribution channels in the world and is the only way to effectively distribute software to the 41.6% of the United States population who own iPhones and iPads. The iOS App Store review team is essentially a regulator for our product – they decide what rules all applications in the iOS App Store must operate by and how to enforce those regulations. The rules related to cannabis-related apps are not published, enforcement of those rules is difficult to predict, and the App review and appeal processes are conducted in secret without public oversight. MassRoots will continue to push for a more open and transparent app review process – especially when such policies and decisions directly impact a large portion of the population – but there is no guarantee we will be successful in those efforts.

MassRoots has not encountered any regulatory issues with the Google Play Store nor have any of our competitors. Under their respective developer license agreements, Apple, Inc. and Google, Inc. have the right to update their iOS App Store and Play Store policies, respectfully, to prohibit cannabis-related applications at any time. This could result in many prospective users being unable to access and join our network and existing users being unable to access our App.

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Our activities outside of the application stores have also faced backlash and resistance due to our status as a cannabis-related company. For example, our Instagram account has a wide following of over 380,000 followers, the most of any cannabis related company, per social media research website Awesomepova.com, and we utilize this following to help expand our user base. However, in a situation similar to the App Store removal, our Instagram account (along with several other cannabis related accounts) was suspended in January 2016 without notice or explanation from Instagram. The account was later reinstated on February 26, 2016. While we feel that our platform is at the point where any potential suspension will not affect our user growth, we expect to continue to face similar situations in the future that may cause disruptions, if only temporary, to our business plan.

MassRoots Store

MassRoots also operates MassRoots.com/shop, an e-commerce platform built on the Shopify platform. Visitors are able to order MassRoots t-shirts, jars and stickers by selecting the products they would like to order, entering their shipping and billing information and confirming the order. MassRoots.com/shop is not part of the Company's primary business plan and we do not expect it to be a main focus of the Company as we grow – it is primarily meant to distribute marketing collateral to our fan base to help raise awareness and accelerate our user growth.

Market Conditions

MassRoots is poised to take advantage of two rapidly growing industries: cannabis and mobile technology.

Cannabis Market Growth and Current Trends

Since the MassRoots app first launched in July 2013, there have been a series of events that have help further shape the development of the cannabis and mobile technology industries:

- On August 29, 2013, Deputy Attorney General James Cole issued a memo (the “Cole Memo”) in response to certain states passing measures to legalize the medical and adult-use of cannabis. The Cole Memo does not alter the Department of Justice's authority to enforce Federal law, including Federal laws relating to cannabis, regardless of state law, but does recommend that U.S. Attorneys focus their time and resources on certain priorities, rather than businesses legally operating under state law. These guidelines focus on ensuring that cannabis does not cross state lines, keeping dispensaries away from schools and public facilities, and strict-enforcement of state laws by regulatory agencies, among other priorities.
- On January 1, 2014, the first sales of cannabis for adult-use permissible under state law took place in Colorado. This event resulted in significant media coverage for the industry. Since that time, three other states and the District of Columbia have made adult-use permissible under their state law and several states have ballot proposals pending at upcoming elections.
- On February 14, 2014, the Departments of Justice and Treasury issued a joint memo allowing banks and financial institutions to accept deposits from dispensaries operating legally under state law. In most cases, dispensaries had been forced to operate on a cash basis, presenting significant security and accounting issues. This was a major step in legitimizing and accepting the cannabis industry on a national level. Further, the passing of the Rohrabacher Farr Amendment (defined below) in 2014 and 2015 indicates some level of support in Congress for medicinal cannabis, even if its actual effect is still undetermined. See additional discussion on government regulations in the “Government Regulation” section below.

See additional discussion on government regulations in the “Government Regulation” section below.

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Current States With Laws Permitting the Medical or Adult Use of Cannabis

As of December 31, 2015, 23 states and the District of Columbia have passed laws allowing some degree of medical use of cannabis, while four of those states and the District of Columbia have also legalized the adult-use of cannabis. The states which have enacted such laws are listed below:

State	Year Passed
1. Alaska*	1998
2. Arizona	2010
3. California	1996
4. Colorado*	2000
5. Connecticut	2012
6. District of Columbia*	2010
7. Delaware	2011
8. Hawaii	2000
9. Illinois	2013
10. Maine	1999
11. Maryland	2014
12. Massachusetts	2012
13. Michigan	2008
14. Minnesota	2014
15. Montana	2004
16. Nevada	2000
17. New Hampshire	2013
18. New Jersey	2010
19. New Mexico	2007
20. New York	2014
21. Oregon*	1998
22. Rhode Island	2006
23. Vermont	2004
24. Washington*	1998

* State has enacted laws permitting the adult use of cannabis, in addition to medical use.

Public Support for Legalization Increasing

A Gallup poll conducted in October 2013 found that 58% of the American people supported legalizing the adult-use of cannabis, an increase of 22% from 2005. This is the first time in American history the majority of registered voters support the full legalization of cannabis for adult-use. Moreover, 67% of participants aged 35 and below voted in support of recreational adult-use, setting the trend for years to come.

A 2016 ArcView Market Research report predicts an additional 14 states will legalize the adult-use of cannabis and two states will legalize medical-use within the next five years. If public support for cannabis legalization continues to increase, we believe it is likely that Federal policies towards marijuana will be reformed. The combination of additional states legalizing adult-use under state law, expansion of medical-use provisions in states where it is currently permitted under state law and increased public awareness is projected to cause marijuana sales permitted under state law to grow from \$1.43 billion in 2013 to \$10.2 billion in 2018, according to ArcView Market Research.

Market Conditions that Could Limit Our Business

Cannabis is a Schedule I Controlled Substance under Federal law and, as such, there are several factors that could limit our market and our business. They include, but are not limited to:

- The Federal government and many private employers prohibit drug use of any kind, including cannabis, even where it is permissible under state law. Random drug screenings and potential enforcement of these employment provisions significantly reduce the size of the potential cannabis market;

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- Enforcement of Federal law prohibiting cannabis occurs randomly and often without notice. This could scare many potential investors away from cannabis-related investments and makes it difficult to make accurate market predictions;
- There is no guarantee that additional states will pass measures to legalize cannabis under state law. In many states, public support of legalization initiatives is within the margin of error of pass or fail. This is especially true when a supermajority is needed to pass measures, like in Florida where a state constitutional amendment permitting medical cannabis has been proposed but requires 60% approval to pass. Changes in voters' attitudes and turnout have the potential to slow or stop the cannabis legalization movement and potentially reverse recent cannabis legalization victories;
- There has been some resistance and negativity as a result of recent cannabis legalization at the state level, especially as it relates to drugged driving. The lack of clearly defined and enforced laws at the state level has the potential to sway public opinion against marijuana legalization; and
- Even if the Federal government does not enforce the Federal law prohibiting cannabis, the legality of the state laws regarding the legalization of cannabis are being challenged through lawsuits. Oklahoma and Nebraska recently sued Colorado over the legalization of cannabis, and other lawsuits have been brought by private groups and local law enforcement officials. If these lawsuits are successful, state laws permitting cannabis sales may be overturned and significantly reduce the size of the potential cannabis market and affect our business.

Additional discussion of government regulations is available in the “Government Regulation” section below.

Technology Industry

Mobile Devices Dominate the Industry

Over the past five years, mobile devices have redefined the technology industry. Smartphones were owned by two-thirds of U.S. mobile subscribers as of the fourth quarter of 2013, according to a February 2014 Nielsen Research Report. Smartphone sales worldwide increased 38.4% worldwide in 2013 according to a January 2014 IDC’s Worldwide Quarterly Mobile Phone tracker report. Additionally, 195 million mobile tablets were sold in 2013, an increase of 67.9% year over year, according to a March 2014 Gartner Research Report.

When the rapidly-growing smartphone and tablet market size is combined with the development of fast, reliable and relatively inexpensive data plans from wireless carriers, it becomes clear why mobile applications “Apps” have surged in popularity and value over recent years.

The Rise of Mobile-First Networking

The popularity, market share and value of mobile-first networks are increasing, especially if focused on a niche market.

- In August 2012, Facebook acquired Instagram for \$521 million, a network without significant revenue, but a user base of approximately 100 million.
- In late 2013, Facebook bid a reported \$3 billion to purchase SnapChat, which was rejected by SnapChat’s Board of Directors.
- In early 2014, Facebook acquired WhatsApp for a reported \$18 billion in cash and stock.

Additionally, there has been rapid growth in other mobile user driven niche networks, such as: Whisper (anonymous confessions) recently raised \$30 million at a reported \$200 million valuation; Vine (short videos) was acquired pre-launch by Twitter for \$30 million; and Badoo (adventurers) has a reported valuation of \$2 billion.

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MassRoots' top priority will remain expanding our user-base and increasing engagement on the network. In addition to strengthening MassRoots' standing within the cannabis community, public markets have placed significant value on rapidly expanding networks, as seen by the market capitalizations and price-to-earnings ratios (where applicable) in the social networking industry. As a mobile-first network focused on the cannabis industry where permitted under state laws, MassRoots is poised to take advantage of the increasing popularity of mobile devices, the emergence of a multi-billion dollar cannabis industry and the decelerating growth of Twitter and Facebook.

Fundraising and Previous Offerings

Since our inception, we have spent considerable effort on fundraising to support the operations of the Company.

In connection with an offering that occurred in October 2013, the Company filed an Amended and Restated Certificate of Incorporation which authorized the issuance of 21 shares of preferred stock (6,397,958 common shares post-Exchange) with a par value of \$1.00 per share, 17.65 shares (5,377,332 common shares post-Exchange) of which were designated as Series A Preferred Stock. Among other rights and privileges, holders of Series A Preferred Stock are entitled to a cumulative dividend of 7% annually, preferential payments over common stock in liquidation and other events, and the ability to convert their Series A Preferred Stock to common stock on a one to one basis (taking into account any unpaid dividends).

In October 2013, the Company entered into agreements to issue 5.88, 5.88, and 5.89 Series A Preferred shares (1,791,428, 1,791,428, and 1,791,475 common shares post-Exchange) to Bass Point Capital, LLC, WM18 Finance LTD, and Rother Investments, LLC, respectively, in exchange for a \$50,000 investment from each. In addition, the Company entered into an agreement to issue as compensation for services provided a total of 2.94 Series A Preferred shares (895,715 common shares post-Exchange) to Douglas Leighton for financial consulting services (collectively, the "Original Offering").

The Reorganization, March 2014 Offering and Registration Rights

In preparation for the March 2014 Offering (as defined herein) and the Company's intention of becoming a publicly traded entity, on March 18, 2014 the Company entered into an Agreement and Plan of Reorganization with its shareholders in which the following was effected: (i) on March 21, 2014, the Company's Amended and Restated Certificate of Incorporation was amended to allow for the issuance of 200,000,000 shares of the Company's common stock and amended the par value of the Company's common stock to \$0.001 per share; (ii) on March 24, 2014, each of the Company's preferred shareholders converted their shares into common stock on a one for one basis (including the accrued dividend); and (iii) on March 24, 2014, each of the Company's shareholders surrendered their shares of the Company's common stock in exchange for the pro-rata distribution of 36,000,000 newly issued shares of Company's common stock, based on the percentage of the total shares of common stock held by the shareholder immediately prior to the exchange (the "Exchange").

In March 2014, we raised gross proceeds of \$475,000 through an offering of our securities to certain accredited and non-accredited investors consisting of: (i) \$269,100 face amount of convertible debentures convertible into up to 2,691,000 shares of the Company's common stock at \$0.10 per share (the "Debentures"), together with warrants, exercisable into an amount of our common stock equal to fifty percent (50%) of the common stock underlying the Debentures, at \$0.40 per share (the "Debenture Warrants"); and (ii) 2,059,000 shares of our common stock at \$0.10 per share with a warrant, exercisable into an amount of our common stock equal to fifty percent (50%) of the common stock purchased, at \$0.40 per share (the "Common Stock Warrants") (collectively, the "March 2014 Offering"). Five investors received Debentures and warrants, while 36 accredited and unaccredited investors received the common stock and warrants. In July 2015, one investor exchanged 1,000,000 shares of Common Stock for a warrant exercisable into 1,000,000 shares of our common stock at \$0.001 per share, with materially the same terms as the \$0.001 Consulting Warrants(as defined below).

In connection with the March 2014 Offering, we entered into certain registration rights agreements (the “Registration Rights Agreement”), whereby we agreed to use our commercially reasonable efforts to prepare and file a registration statement with the SEC within forty-five (45) days after March 24, 2014, covering all outstanding shares of common stock (including all shares of Common Stock sold in the March 2014 Offering), in addition to all shares of common stock underlying the Debentures, Debenture Warrants, and Common Stock Warrants.

Additionally, as payment for consulting services provided in relation to the March 2014 Offering, we issued Dutchess Opportunity Fund, II LP (“Dutchess”) a warrant exercisable into 4,050,000 shares of our common stock at \$0.001 per share, and a warrant exercisable into 2,375,000 shares of our common stock at \$0.40 per share. The Company also granted certain registration rights to Dutchess covering all shares of common stock issuable upon the exercise of each of the warrants it received in connection to the March 2014 Offering.

On September 15, 2014, our resale registration statement on Form S-1 covering 50,400,000 shares of common stock outstanding or shares of common stock underlying warrants or debentures received in connection to the March 2014 Offering (“2014 Registration Statement”) became effective.

In March 2016, holders of the Debentures agreed to revise the maturity date of the Debentures from March 24, 2016 to March 24, 2018.

Additional Offerings

From September 15, 2014 to March 11, 2015, we completed an offering of \$861,000 of our securities to certain accredited and non-accredited investors consisting of 1,732,000 shares of our common stock at \$0.50 per share and warrants to purchase up to 866,000 shares of common stock at \$1 per share.

From April 1, 2015 through April 17, 2015, we completed an offering of 960,337 shares of the Company’s common stock to certain accredited and unaccredited investors, pursuant to which, the Company received gross proceeds of \$576,200. The Company terminated this offering as of April 17, 2015. The Company compensated Chardan Capital Markets, LLC, its placement agent for the offering, \$20,000 in cash and 262,560 shares of common stock as commission for this placement.

From June 10, 2015 through July 13, 2015, we sold 1,540,672 shares of unregistered common stock to certain accredited investors for gross proceeds of \$1,140,502. In connection with this offering, Chardan Capital Markets LLC, its placement agent for the offering, received \$27,200 in cash and 80,560 shares of the Company’s common stock as commission for this placement.

On November 9, 2015, we sold 815,500 shares of common stock, with warrants to purchase 407,475 shares of common stock, in a registered offering to certain unaccredited and accredited investors for gross proceeds of \$1,019,375 to the Company. We did not utilize a placement agent in this transaction.

In December 2015, we issued 146,200 three year warrants with an exercise price of \$1.06 to our holders of outstanding warrants issued in conjunction with our September 15, 2014 to March 11, 2015 offering. These warrants were issued in exchange for the holder agreeing to waive certain provisions providing price protection of the warrant received in the September 15, 2014 to March 11, 2015 offering.

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In March 2016, we completed a private offering (“March 2016 Note Offering”) to certain accredited investors of six (6) month secured convertible notes with a principal amount of \$1,514,667 (the “Bridge Notes”) together with five year warrants to purchase an amount of shares of the Company’s common stock equal to the number of shares of common stock issuable upon the conversion of the Bridge Notes in full and having an exercise price of \$1.00 per share. The Bridge Notes are secured by all the assets of the Company, and each of the executive officers of the Company entered into a lock-up agreement whereby they agreed to not sell or offer any shares of the Company’s common stock owned by them until the Bridge Notes are fully repaid, redeemed or converted. The Bridge Notes may be convertible into shares of the Company’s common stock at a price per share equal to the lower of (i) one dollar (\$1.00), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the note; provided, however, if any part of the principal amount of the note remains unpaid at its maturity date, the conversion price would be equal to 65% of the average of the three trading days with the lowest daily weighted average prices of the Company’s common stock occurring during the fifteen days prior to the notes’ maturity date. If the note is not repaid by the maturity date, the investors will receive, in aggregate but calculated pro rata to the principal amounts remaining outstanding at the time of maturity, up to five hundred thousand (500,000) shares of the Company’s common stock. Gross proceeds received by MassRoots in this offering was \$1,420,000, while net proceeds were \$1,271,600 (excluding any legal fees). In connection with this offering, Chardan Capital Markets LLC, our placement agent for the offering, received \$123,400 in cash as commission for this placement.

Employees and Consultants

MassRoots has 33 full-time employees, two part time employees, and one full time independent contractor.

Amount Spent on Research and Development

MassRoots invests a significant portion of its operating budget in developing new mobile communications tools, location-based services and in cross-platform compatibility software. We expect to spend approximately \$1,500,000 during the fiscal year ended December 31, 2016 on development-related payroll and expenses. We spent \$651,000 on research and development-related salaries for the year ended December 31, 2015.

Insurance

In December 2015, MassRoots began offering health, dental and vision insurance to its employees at an estimated monthly cost of \$10,000. MassRoots also carries general liability and worker’s compensation insurance for its employees. We do not currently hold any other forms of insurance, including directors’ and officers’ insurance. Because we do not have any insurance, if we are made a party of a legal action, we may not have sufficient funds to defend the litigation. If that occurs a judgment could be rendered against us that could cause us to cease operations.

Government Regulation

Marijuana is categorized as a Schedule I controlled substance by the Drug Enforcement Agency and the United States Department of Justice and is illegal to grow, possess and consume under Federal law. However, 23 states and the District of Columbia have passed state laws that permit doctors to prescribe cannabis for medical-use and four states and the District of Columbia have enacted laws that legalize the adult-use of cannabis for any reason. This has created an unpredictable business-environment for dispensaries and collectives that legally operate under certain state laws but in violation of Federal law.

Cole Memo

On August 29, 2013, United States Deputy Attorney General James Cole issued the Cole Memo to United States Attorneys guiding them to prioritize enforcement of Federal law away from the cannabis industry operating as permitted under certain state laws, so long as:

- cannabis is not being distributed to minors and dispensaries are not located around schools and public buildings;
- the proceeds from sales are not going to gangs, cartels or criminal enterprises;

- cannabis grown in states where it is legal is not being diverted to other states;
- cannabis-related businesses are not being used as a cover for sales of other illegal drugs or illegal activity;
- there is not any violence or use of fire-arms in the cultivation and sale of marijuana;
- there is strict enforcement of drugged-driving laws and adequate prevention of adverse health consequences; and
- cannabis is not grown, used, or possessed on Federal properties.

The Cole Memo is meant only as a guide for United States Attorneys and does not alter in any way the Department of Justice's authority to enforce Federal law, including Federal laws relating to cannabis, regardless of state law. We believe we have implemented procedures and policies to ensure we are operating in compliance with the "Cole Memo". However, we cannot provide assurance that our actions are in full compliance with the Cole Memo or any other laws or regulations. Per MassRoots' Terms and Conditions:

- Users must agree that they are located in a state where medical-use or adult-use of cannabis is legal;
- Users must be of legal age to consume cannabis in their particular state (18 or 21 years old, depending on the state);
- Users may only post content that is in compliance with their state's laws;
- Users may not solicit or distribute cannabis through MassRoots unless they are a licensed dispensary; (we also do not currently facilitate in-app messaging, forcing all conversations to take place in a public environment);
- Posting of any other drugs or substances, including prescription pain pills, is prohibited and will result in account termination;
- Posting of any violence or threat of violence is prohibited and will result in account termination;
- Posting of any drugged-driving content is prohibited and will result in account termination; and
- Posting of any copyright-protected content is prohibited and will result in account termination.

We have implemented an aggressive content and account review program to ensure compliance with our Terms and Conditions. Users have the ability to report any status or account that is in violation of our terms and we encourage users to do so as any illegal content jeopardizes the network for all our users. When a status or account is reported, the post is automatically removed from the network until further review. A MassRoots employee then reviews the content within 24 hours and either approves it as within our Terms and Conditions or permanently deletes it and bans the user account.

In addition, as part of the agreement to allow our app to return to the Apple App Store, we implemented restrictions to restrict new users to our mobile apps to the 23 states with medical cannabis laws.

Our business plan includes allowing cannabis dispensaries to advertise on our network which we believe could be deemed to be aiding and abetting illegal activities, a violation of Federal law. We intend to remain within the guidelines outlined in the Cole Memo. However, we cannot provide assurance that we are in full compliance with the Cole Memo or any other laws or regulations.

Rohrabacher Farr Amendment

On December 16, 2014, H.R. 83 - Consolidated and Further Continuing Appropriations Act, 2015 was enacted and included a provision known as the "Rohrabacher Farr Amendment" which states:

None of the funds made available in this Act to the Department of Justice may be used, with respect to the States of Alabama, Alaska, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Illinois, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Oregon, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Washington, and Wisconsin, to prevent such States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

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The Rohrabacher Farr Amendment represents one of the first times in recent history that Congress has taken action indicating support of medical cannabis. The Rohrabacher Farr Amendment was renewed by Congress in 2015 and remains in effect currently.

The Rohrabacher Farr Amendment would appear to protect the right of the states to determine their own laws on medical cannabis use; however the actual effects of the amendment are still unclear. The Rohrabacher Farr Amendment did not remove the federal ban on medical cannabis and cannabis remains regulated as a Schedule I controlled substance. Further, the United States Department of Justice has interpreted the Rohrabacher Farr Amendment as only preventing federal action that prevents states from creating and implementing cannabis laws — not against the individuals or businesses that actually carry out cannabis laws – and has continued to sporadically commence enforcement actions against individuals or businesses participating in the cannabis industry despite such participation being legal under state law. Whether this interpretation is appropriate is still being litigated, and, while an initial district court decision has not supported the Department of Justice’s interpretation, such decision is currently under appellate review. In addition, no matter what interpretation is adopted by the courts, there is no question that the Rohrabacher Farr Amendment does not protect any party not in full compliance with state medicinal cannabis laws.

Potential Changes to Federal Laws and Enforcement Priorities

Although the Department of Justice has stated in the Cole Memo that it is not an efficient use of limited resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state laws allowing the use and distribution of medical cannabis, there is no guarantee that the Department of Justice’s position will not change regarding the low-priority enforcement of federal laws. Further, the United States is undergoing an election year in 2016 and a new administration could introduce a less favorable cannabis enforcement policy. There can be no assurances that any future administration would not change the current enforcement policy and decide to strongly enforce the federal laws.

In light of the 2005 U.S. Supreme Court ruling in *Gonzales v. Raich*, under the commerce clause of the constitution, Congress may pass laws to criminalize the production and use of home-grown cannabis even where states have approved its use for medicinal purposes, which leads to the conclusion that the Controlled Substances Act may preempt state laws relating to any cannabis-related activity. Any such change in the federal enforcement program of current federal laws could cause significant financial damage to our business. While we do not directly harvest, distribute, or distribute cannabis today, we still may be deemed to be violating federal law and may be irreparably harmed by a change in enforcement by the federal or state governments.

Trademarks

On March 31, 2014, we applied for a trademark of the “MassRoots, Inc.” name in the United States. However, several factors, including the Company’s app being removed from Apple’s iOS App Store, required the Company to focus its resources in other areas away from completing the trademark application process, and the trademark application was deemed to be abandoned. The Company expects to reapply for this trademark in 2016.

Competitors, Methods of Completion, Competitive Business Conditions

We do not believe that we face significant direct competition in the “social network for the cannabis community” sector. No other network in the space currently has a significant user base or significant outside funding. MassRoots competes with Facebook, Instagram and Twitter, and other social networks for users’ engagement; many of these competing social networks have substantially more financial resources, a better user-experience and a significantly larger user-base than MassRoots. Our differentiator is that MassRoots is solely dedicated to cannabis-related content, information most users do not feel comfortable sharing on these other networks as it may jeopardize their personal and professional reputations. Additionally, MassRoots is developing specialized features for the cannabis industry (such as a strain tagger) that competing networks likely will not spend the time and resources to develop given that only a small portion of their user-base consumes cannabis. This density of cannabis consumers and content is what makes MassRoots attractive to cannabis consumers and serves as our main competitive advantage.

Network effects have come to dominate consumer habits, which can provide protection to networks such as MassRoots. For example, Google+ failed to obtain a dominant market share in desktop-based social networking because it wasn't introduced until Facebook had already conquered the market. Similarly, when Facebook introduced Poke as a competitor to SnapChat in late 2012, it failed to overtake SnapChat due to the market dominance already achieved by SnapChat. Even if a well-financed competitor to MassRoots were to emerge, they would not only have to convince users on why their platform is superior, but also get them to switch away from the network their friends are already using. Every user that MassRoots gains, every interaction that takes place on our network and every day that we grow, the barrier to entry to competitors becomes higher.

While it is true that some networks, such as Friendster and MySpace, failed after building significant user-bases, we believe a primary reason for their failure was technical: their platforms underwent routine maintenance that took the network offline for hours at a time, they did not focus on the underlying user-experience, and they overwhelmed the users with advertisements. This created opportunities for well-financed competitors to emerge. We believe that by employing a similar strategy to other successful social networks and maintaining a focus on the user experience, combined with strong network effects of our large user-base, we will be able to create and maintain significant long-term shareholder value.

MassRoots competes with other cannabis networks such as WeedMaps, Leafly and THC Finder for advertisers' dollars. WeedMaps and THC Finder are platforms that allow users to find and review dispensaries. Leafly is primarily a strain-guide that allows users to find information on strains, add a review and find it at a dispensary closest to the user. In most situations, cannabis consumers are not looking to change dispensaries often. All of these services – WeedMaps, Leafly and THC Finder – lack the daily, weekly and monthly recurring usage that drives long-term value for advertisers. We believe that MassRoots' recurring usage and the ability to target advertisements to users based on their previous posts will present a superior value proposition to advertisers.

Legal Proceedings

We are not currently a party to any legal proceedings, and we are not aware of any pending or potential legal actions.

Sources and Availability of Raw Materials

We do not use raw materials in our business.

Seasonal Aspect of our Business

None of our products are affected by seasonal factors.

Reports to Security Holders

We are required to file reports and other information with the SEC. You may read and copy any document that we file at the SEC's public reference facilities at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for more information about its public reference facilities. Our SEC filings are available to you free of charge at the SEC's web site at www.sec.gov. We are an electronic filer with the SEC and, as such, our information is available through the Internet site maintained by the SEC that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. This information may be found at www.sec.gov and posted on our website at investors.massroots.com/.

PROPERTIES

On April 14, 2015, the Company completed the relocation of its headquarters to 1624 Market Street, Suite 201, Denver, CO 80202 which we leased on March 20, 2015 pursuant to a lease agreement with RVOF Market Center, LLC ("201 Lease"). Under the 201 Lease, we agreed to rent 3,552 square feet of office space at that location for a term of 37 months, under which the Company will pay a base rate of \$0 for the first month, \$8,288 for months two through 13, \$8,584.00 for the months 14 through 25, and \$8,880.00 for the months 25 through 37. We did not incur a significant cost related to the move to this location.

We amended this lease in January 2016 (the “203 Amendment”) to include Suite 203, also located at 1624 Market Street in Denver, CO 80202, which allows us to expand our headquarters by an additional 1,508 square feet of office space. For this expansion (and in addition to the rent paid under the 201 Lease), we will pay \$0 until May 30, 2016, \$3,644 for each month from June 1, 2016 to May 30, 2017, \$3,770 for each month from June 1, 2017 to May 30, 2018, and \$3,896 for each month from June 1, 2018 to November 30, 2018.

We do not own any real property.

We believe that our facilities are adequate for our current needs and that, if required, we will be able to expand our current space or locate suitable new office space and obtain a suitable replacement for our executive and administrative headquarters.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion of our financial condition and results of operations in conjunction with financial statements and notes thereto, as well as the “Risk Factors” and “Description of Business” sections included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in “Risk Factors”.

MassRoots, Inc. was incorporated in the state of Delaware on April 26, 2013, to be a mobile network for the cannabis community. Since our inception, we have generated only minimal revenues from business operations. Our independent registered public accounting firm has issued a going concern opinion. This means there is substantial doubt that we can continue as an on-going business unless we obtain additional capital to pay our ongoing operational costs. Accordingly, we must locate sources of capital to pay our operational costs.

The below discussions are as of the date stated (unless specifically noted otherwise) and should be read in conjunction with financial statements and notes thereto for the applicable period referenced. These discussions may include information that has since changed and may not be consistent with other sections of this prospectus.

Discussion as of December 31, 2015:

Overview and Results of Operations

Our operational expenditures are primarily related to development of the MassRoots platform, marketing costs associated with attracting and retaining users, and the costs related to being a fully reporting company with the SEC.

2015 was a year of transformation for MassRoots – our userbase more than tripled, growing from roughly 200,000 to 700,000 over the course of the year; we started monetizing our network through advertising in August and generated our first \$200,000 in revenue; and our team grew from a handful of employees to more than 20. We believe that 2015 will serve as a solid foundation for continued growth in the quarters and years to come.

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MassRoots' business model is designed to scale as marijuana legalization continues to spread: every state that legalizes the medicinal or adult-use of cannabis expands the number of licensed businesses in the industry, increasing our potential revenue.

Results of Operations

	For the Fiscal Year ended			
	31-Dec-15	31-Dec-14	\$ Change	% Change
Gross revenue	\$ 213,963	\$ 9,030	\$ 204,933	2,269%
Operating expenses	6,339,063	1,616,253	4,722,810	292.21%
Loss from Operations	(6,125,100)	(1,607,223)	(4,517,877)	281.1%
Other Income /(Expense)	(2,347,798)	(828,919)	(1,518,879)	183.23%
Net Loss	(8,472,898)	(2,436,142)	(6,036,756)	247.80%
Net loss per share - basic and diluted	\$ (0.19)	\$ (0.17)	\$ (0.02)	11.7%

Revenues

Since beginning to monetize our platform in August 2015, we have generated minimal revenues from our operations. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including the financial risks associated with the limited capital resources currently available to us and risks associated with the implementation of our business strategies.

For the year ended December 31, 2015, we generated \$213,963 in advertising revenues, as compared to \$9,030 for the year ended December 31, 2014, an increase of \$204,933. This revenue was primarily generated from advertising on the MassRoots network, in our email newsletters, and our website since we began monetizing our platform in August 2015. Of our \$213,963 in 2015 revenues, \$180,000, or 84.1%, was generated from advertising services and \$140,000 of these revenues occurred during the fourth quarter. Our user base averaged roughly 625,000 users during this time period, equating to an average of \$0.35 in revenue per user during our first 4 months of monetization.

Operating Expenses

Our cost of revenues increased \$56,921 during 2015, from \$690 during fiscal year 2014 to \$57,611 during fiscal year 2015. This increase was primarily related to inventory for MassRoots.com/Store, an ecommerce platform hosted on Shopify that we use to market shirts and other merchandise to our userbase. The primary purpose of the MassRoots Store is to raise awareness of the MassRoots platform and drive user registration. Going forward, we believe the vast majority of MassRoots' revenues and shareholder value will come from digital advertising on our platform, not merchandise sales.

We incurred \$717,773 in advertising expenses during 2015, an increase of \$536,997 from \$180,776 in fiscal year 2014. This increase was primarily driven by sponsorships of events, digital marketing to cannabis consumers, and physical collateral to display at dispensaries. We believe these expenses were critical in scaling MassRoots' users base from 200,000 registered users in early January 2015 to 700,000 by the end of the year.

Payroll and related expenses increased \$1,118,418 to \$1,381,071 during fiscal year 2015 from \$262,653 during 2014 primarily as a result of MassRoots expanding its development team to 12 full-time, in-house developers by the end of 2015. This allows MassRoots to introduce new features to our products more rapidly, which we expect will result in additional user growth and increases in retention in the coming quarters.

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Over the course of fiscal year 2015, we issued \$1,219,904 in common stock for services, as compared to \$30,658 during fiscal year 2014, an increase of \$1,189,246. This increase was mainly a result of MassRoots issuing shares under its 2014 and 2015 Employee Stock Option Programs to recruit and retain the most talented developers, as well as issuances to our Chief Operations Officer and investor relations professionals.

Options issued for services also increased during fiscal year 2015 to \$1,273,393 from \$59,473 during 2014, an increase of \$1,213,920. This increase was mainly a result of MassRoots issuing options under its 2014 and 2015 Employee Stock Option Programs to recruit and retain the most talented developers. We saw a decrease in the value of warrants issued for services from \$555,598 during 2014 to \$229,365 during 2015, a decrease of \$326,233. The warrants for services issued in 2014 were related to assisting MassRoots become a publicly-traded company through the filing of our initial S-1 Registration Statement, whereas the warrants issued in 2015 were issued in conjunction with agreements with previous investors to waive certain price protection provisions in our outstanding warrants that would eliminate MassRoots' derivative liabilities.

MassRoots' other general and administrative expenses increased to \$1,459,946 during fiscal year 2015 from \$526,405 in 2014, an increase of \$933,541. This increase was attributed to the following:

- Legal expenses increased during the year ended December 31, 2015 to \$223,548 from \$179,504 during the year ended December 31, 2014. This increase was primarily a result of MassRoots being a fully reporting company to the Securities and Exchange Commission during 2015, as well as the legal costs of MassRoots' Registration Statement on Form S-1 during fall 2015.
- Independent contractor expenses decreased from \$182,198 during 2014 to \$144,452 during 2015 as a result of MassRoots' initiative to bring all programming and development in-house during April 2015 and the subsequent reduction of all independent contractor expenses related to development. We expect our independent contractor expenses to continue to decrease during 2016.
- During fiscal year ended 2015 and 2014, the Company realized losses related to the fair value mark to market adjustments of its derivative liabilities of \$2,236,401 and \$753,240, respectively. These derivative liabilities were originally determined as of December 31, 2014. For the fiscal years ended 2015 and 2014, the Company recorded amortization of discount on notes payable of \$107,016 and \$67,363, respectively.
- Travel and related expenses increased to \$182,929 in fiscal year 2015 from \$23,070 during the same period in 2014. Over the course of the year, the MassRoots team attended over 20 conferences and hundreds of meetings with cannabis related businesses that have built the relationships necessary for our Company to grow. The MassRoots team, including management, continues to fly budget airlines and modest hotels to minimize expenditures and maximize shareholder value.

The combination of these increasing expenditures resulted in MassRoots' total operating expenses growing to \$6,339,063 in fiscal year 2015 versus \$1,616,253 in 2014, an increase of \$4,722,810.

Loss from Operations

MassRoots' Loss from Operations grew to \$6,125,100 for fiscal year 2015 from \$1,607,223 in 2014, an increase of \$4,517,877.

Other Income (Expense)

During fiscal year ended 2015 and 2014, the Company realized losses related to the fair value mark to market adjustments of its derivative liabilities of \$2,236,401 and \$753,240, respectively. These derivative liabilities were originally determined as of December 31, 2014. For fiscal year ended 2015 and 2014 the company recorded amortization of discount on notes payable of \$107,016 and \$67,363, respectively.

Net Loss

For the fiscal year ended 2015, our net loss grew to \$8,472,898, as compared to \$2,436,142 for the year ended December 31, 2014, an increase of \$6,036,756.

Liquidity and Capital Resources

Capital Raising

From January 1 to March 11, 2015, we completed an offering of \$337,000 in gross proceeds of our securities to certain accredited and non-accredited investors consisting of 684,000 shares of our common stock at \$0.50 per share and warrants to purchase 342,000 shares of common stock at \$1 per share. MassRoots did not utilize a placement agent in this transaction.

From April 1, 2015 through April 17, 2015, MassRoots, Inc. completed an offering of 960,937 shares of the Company's common stock to certain accredited and unaccredited investors, pursuant to which the Company received gross proceeds of \$576,200. The Company terminated this offering as of April 17, 2015. The Company compensated Chardan Capital Markets, LLC, its placement agent for the offering, \$20,000 cash and 262,560 shares of common stock as commission for this placement.

From June 10, 2015 through July 13, 2015, MassRoots sold 1,540,672 shares of unregistered common stock to certain accredited investors for gross proceeds of \$1,140,502. In connection with this offering, Chardan Capital Markets LLC, our placement agent for the offering, received \$27,200 in cash and 80,560 shares of the Company's common stock as commission for this placement.

On November 9, 2015, MassRoots sold 815,500 shares of common stock, with warrants to purchase 407,475 shares of common stock, in a registered offering to certain unaccredited and accredited investors for gross proceeds of \$1,019,375 to the Company. MassRoots did not utilize a placement agent in this transaction.

In December 2015, MassRoots issued 146,200 three year warrants with an exercise price of \$1.06 to our holders of outstanding warrants issued in conjunction with our September 15, 2014 to March 11, 2015 offering. These warrants were issued in exchange for the holder agreeing to waive certain provisions providing price protection of the warrant received in the September 15, 2014 to March 11, 2015 offering.

Cash on Hand

Our current cash on hand as of December 31, 2015 was \$386,316, as compared to \$141,928 as of December 31, 2014. The increase of cash on hand was primarily due to further issuances of our common stock for cash, offset significantly by increases in our operating expenses.

We currently have no external sources of liquidity such as arrangements with credit institutions or off-balance sheet arrangements that will have or are reasonably likely to have a current or future effect on our financial condition or immediate access to capital.

We are dependent on the sale of our securities to fund our operations, and will remain so until we generate sufficient revenues to pay for our operating costs. Our officers and directors have made no written commitments with respect to providing a source of liquidity in the form of cash advances, loans and/or financial guarantees.

If we are unable to raise the funds we will seek alternative financing through means such as borrowings from institutions or private individuals. There can be no assurance that we will be able to raise the capital we need for our operations from the sale of our securities. We have not located any sources for these funds and may not be able to do so in the future. We expect that we will seek additional financing in the future. However, we may not be able to obtain additional capital or generate sufficient revenues to fund our operations. If we are unsuccessful at raising sufficient funds, for whatever reason, to fund our operations, we may be forced to cease operations. If we fail to raise funds we expect that we will be required to seek protection from creditors under applicable bankruptcy laws.

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Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern and believes that our ability is dependent on our ability to implement our business plan, raise capital and generate revenues. See Note 2 of our financial statements.

Use of Cash

We had net cash used in operations for the year ended December 31, 2015 and December 31, 2014 of \$3,129,240 and \$922,956, respectively. In 2015 and 2014, net cash used was mainly attributed to our loss of \$8,472,898 and \$2,436,142, respectively. These amounts were offset by the cash provided from stock issuances, stock options and warrant exercises for 2015 and 2014 of \$3,617,663 and \$729,972, respectively. In addition, the net cash used was also offset by cash provided by changes in derivative liabilities of \$2,236,401 for 2015 and \$753,240 for 2014. In addition, cash provided from amortizations of discounts on notes payable for 2015 and 2014 of \$107,016 and \$67,363, respectively, provided an offset. Deposits grew from \$2,550 as of December 31, 2014 to \$30,952 as of December 31, 2015. This increase was primarily a result of a deposit on MassRoots' headquarters in downtown Denver.

In May 2015, MassRoots invested \$175,000 into Flowhub, a seed-to-sale tracking platform for cannabis businesses that we intend to integrate with MassRoots over the coming quarters to synchronize and analyze the most important data from cannabis consumers, dispensary point of sale systems and grow facilities. Computer and office equipment purchases increased by \$58,861 to \$73,023 as of December 31, 2015 from \$14,162 as of December 31, 2014. This increase was primarily driven by purchases of additional computers and equipment for our team.

We had net cash provided in financing activity for the year ended December 31, 2015 and December 31, 2014 of \$3,617,633, and \$999,072, respectively. These amounts are primarily attributed to equity issuances throughout the periods.

Required Capital Over the Next Fiscal Year

We expect to incur losses from operations for the near future. We believe we will have to raise an additional \$2.5 million to fund our operations through the end of the 2016 fiscal year, including roughly \$250,000 to remain current in our filings with the SEC; however, we expect to be able to raise a majority of these funds through warrant exercises. As of December 31, 2015, there are 3,415,275 warrants outstanding with an exercise price of \$0.40 per share and 761,000 warrants outstanding with an exercise price of \$1.00 per share, which, if exercised, would generate approximately \$2.0 million in cash to the Company.

Future financing may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, existing holders of our securities may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our securities.

If additional financing is not available or is not available on acceptable terms, we may be required to delay or reduce our commercialization efforts.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows. See the Notes to the Financial Statements for more information.

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DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS

Directors and Executive Officers

The names and ages of our Directors and Executive Officers are set forth below. Our By-Laws provide for not less than one and not more than nine Directors. All Directors are elected annually by the stockholders to serve until the next annual meeting of the stockholders and until their successors are duly elected and qualified. The officers are elected by our Board.

Name	Age	Position and Term
Isaac Dietrich	23	Director and Chairman of the Board (Since 2013), Chief Executive Officer (Since 2013)
Tripp Keber	47	Director (Since 2014)
Stewart Fortier ¹	25	Director (Since 2014), Chief Technology Officer (Since 2013)
Ean Seeb	40	Director (Since 2014)
Terence Fitch	56	Director (Since 2015)
Daniel Hunt	22	Chief Operations Officer (Since 2015)
Jesus Quintero	54	Chief Financial Officer (Since 2014)

¹ Stewart Fortier and Hyler Fortier, our former Chief Operations Officer, are siblings.

Isaac Dietrich, Chief Executive Officer, Chairman of the Board and Director - Isaac Dietrich is the founder, CEO, and Chairman of the Board of MassRoots, each since our inception. He is responsible for executing our strategic business development. In June 2012, Mr. Dietrich co-founded RoboCent, Inc., a self-service call platform that reached \$300,000 in revenue in its first 18 months, and previously served as its President. He also founded Tidewater Campaign Solutions, LLC, a Virginia Beach-based political strategy firm that was retained by more than 30 political campaigns and political action committees from January 2010 to December 2012. From February to December 2010, Mr. Dietrich served as Field Director for Congressman Scott Rigell's campaign.

In April 2012, Mr. Dietrich was a finalist for Peter Thiel's 20 Under 20 Fellowship and was featured in the CNBC documentary "Transforming Tomorrow." We believe Mr. Dietrich has the business experience in both scalable technology companies and political strategy to successfully lead the development and growth of the Company.

Tripp Keber, Director – Tripp Keber has served as a Director of MassRoots since 2014. Mr. Keber also is a co-founder, Director and Chief Executive Officer of Dixie Elixirs & Edibles, a Colorado licensed medical marijuana infused products manufacturer. He is a founding director of the National Cannabis Industry Association, and, since 2013, has served as a director of the Marijuana Policy Project. He is also an advisory board member of the Medical Marijuana Industry Group in Colorado. Mr. Keber also serves as a board member of American Cannabis Company (2014-current). In his current role as CEO of Dixie, Mr. Keber is responsible for the overall strategy, licensing, marketing, branding and expansion efforts related to the Dixie brand, both domestically and internationally. Mr. Keber has been featured on CBS's 60 Minutes and CNBC.

Prior to joining Dixie, Mr. Keber served as Chief Operating Officer for Bella Terra Resort Development Company, and EVP of Business Development for Sagebrush Realty Development. He has a BS in Political Science from Villanova University and currently resides in both Aspen and Denver, CO with his family. He is involved in several charitable organizations located within his community and assists in the research and development of cannabis support for veterans suffering from PTSD. As an experienced leader in the legal cannabis industry, we believe that Mr. Keber will use his experience and industry knowledge to help guide our leadership team.

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Ean Seeb, Director – Ean Seeb has served as a Director of MassRoots since 2014. Mr. Seeb is also the co-owner and manager of Denver Relief Consulting LLC, a Colorado medical cannabis operation. As a founding partner of Denver Relief Consulting LLC and seasoned cannabis dispensary operator, Mr. Seeb has significant experience navigating complex legislation and regulatory demands unique to legal cannabis operations. Mr. Seeb also serves as a board member of Manna Molecular Sciences (2015-current). He serves as Chair of the National Cannabis Industry Association and holds leadership positions with charitable organizations focused on a range of social causes, from civil rights to sustainable volunteer farming. Mr. Seeb has been actively involved with non-profit groups for over two decades. His years of humanitarian experience lead Mr. Seeb to conceptualize and develop a cannabis-centric service organization called the Denver Relief GREEN TEAM in 2009. He holds a B.S. degree in Business Administration with an emphasis in Computer Information Systems from University of Northern Colorado. We believe that Mr. Seeb will use his experience and industry knowledge to help guide our leadership team.

Terence Fitch, Director - Terence Fitch has served as a Director of the Company since 2015. Mr. Fitch is a seasoned corporate executive with 23 years of marketing, sales, finance, manufacturing, supply chain and media experience. Mr. Fitch founded Drink Teck, LLC in 2013 and has served as its Chief Executive Officer since that time. Drink Teck LLC is a functional beverage company which uses liposome technology to cost-effectively formulate drinks for the consumer health and wellness sector. Prior to founding Drink Teck LLC, Mr. Fitch spent 3 years at Coca Cola Refreshments as Senior Vice President and General Manager. Before that, 18 years at, Coca-Cola Enterprises, where, from 2004 to 2010, he served as the Senior Vice President and General Manager of the Western Region and was responsible for a team of 13,500 sales, strategy, marketing, operations, manufacturing, supply chain and analytical professionals and accountable for over \$4.2 billion in sales. From 1998 to 2002, Mr. Fitch acted as Division Vice President and General Manager for Coca-Cola Enterprises and, from 1994-1998, was the Regional Vice President of Sales and Marketing of the Gulf States for Coca-Cola Enterprises. Mr. Fitch has a Bachelor of Science in Marketing and Finance from Arizona State University. Mr. Fitch brings a strong understanding of financial reporting and corporate governance matters, along with expertise in corporate governance, enterprise risk management and strategic planning, which we believe will strengthen the Board's collective qualifications, skills, and experience.

Stewart Fortier, Chief Technology Officer, Director - Stewart Fortier is a co-founder and Director of MassRoots, and has served as Chief Technology Officer since our inception. Mr. Fortier is responsible for the development of our iOS application and technical strategy. He is a self-taught software developer with an interest in both entrepreneurship and technology. Prior to joining MassRoots, Mr. Fortier worked for a real estate development company in Washington, D.C., where he was responsible for the underwriting of commercial and multifamily acquisitions. Previously, Mr. Fortier served as a technical adviser to RoboCent, Inc. from June 2012 to April 2013.

Mr. Fortier holds a Bachelor of Arts in Economics and Religious Studies from the University of Virginia. We believe Mr. Fortier has the technical and business experience and skill to be successful in both his Chief Technology Officer and Director roles.

Daniel Hunt, Chief Operations Officer - Since June 2015, Daniel Hunt, age 22, has served as the Company's Chief Operations Officer, responsible for overseeing the Company's daily operations, including marketing, sales, business development, staffing, processes and infrastructure. From July 2014 to June 2015, Mr. Hunt served as the Company's Vice President of Marketing, where he was responsible for the coordination and implementation of the Company's marketing initiatives. From June 2011 to July 2014, Mr. Hunt served as Head of Business Development for SearchParty Music, a media production company in Massachusetts. Prior to joining the Company, Mr. Hunt attended James Madison University from 2012-2014, where he gained experience while supporting the operations of early-stage startups as a member of the Society of Entrepreneurs. Mr. Hunt also serves on the board of managers of Flowhub, LLC, a private cannabis point-of-sale company.

Jesus Quintero, Chief Financial Officer - Jesus Quintero joined MassRoots as its Chief Financial Officer in May 2014. From January 2013 to October 2014, Mr. Quintero also served as Brazil Interactive Media's Chief Financial Officer. He has previously served as a financial consultant to several multi-million dollar businesses in Florida. Mr. Quintero has extensive experience in public company reporting and SEC/SOX compliance, and held senior finance positions with Avnet, Inc., Latin Node, Inc., Globetel Communications Corp. and Telefonica of Spain. His prior experience also includes tenure with PricewaterhouseCoopers and Deloitte & Touche. Mr. Quintero earned a B.S. in Accounting from St. John's University and is a certified public accountant. He is fluent in English and Spanish, and conversant in Brazilian Portuguese.

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Family Relationships

There are no family relationships among the directors and executive officers.

Legal Proceedings

We know of no pending proceedings to which any director, member of senior management, or affiliate is either a party adverse to us or has a material interest adverse to us.

- None of our executive officers or directors have (i) been involved in any bankruptcy proceedings within the last five years, (ii) been convicted in or has pending any criminal proceedings (other than traffic violations and other minor offenses), (iii) been subject to any order, judgment or decree enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities or banking activity or (iv) been found to have violated any Federal, state or provincial securities or commodities law and such finding has not been reversed, suspended or vacated.

CORPORATE GOVERNANCE

Governance of Our Company

We seek to maintain high standards of business conduct and corporate governance, which we believe are fundamental to the overall success of our business, serving our shareholders well and maintaining our integrity in the marketplace. Our corporate governance guidelines and code of business conduct, together with our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and the charters for each of our Board committees, form the basis for our corporate governance framework. We also are subject to certain provisions of the Sarbanes-Oxley Act and the rules and regulations of the SEC. The full text of the Code of Conduct is available on our website at www.massroots.com/investors.

As described below, our Board has established three standing committees to assist it in fulfilling its responsibilities to the Company and its stockholders: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Our Board of Directors

Our Board currently consists of five members. The number of directors on our Board can be determined from time to time by action of our Board.

Our Board has decided that it would judge the independence of its directors by the heightened standards established by the NASDAQ Stock Market, despite the Company not being subject to these standards at such time. Accordingly, the Board has determined that our three non-employee directors, Ean Seeb, Terence Fitch, and Tripp Keber, each meet the independence standards established by the NASDAQ Stock Market and the applicable independence rules and regulations of the SEC, including the rules relating to the independence of the members of our Audit Committee and Compensation Committee. Our Board considers a director to be independent when the director is not an officer or employee of the Company or its subsidiaries, does not have any relationship which would, or could reasonably appear to, materially interfere with the independent judgment of such director, and the director otherwise meets the independence requirements under the listing standards of the NASDAQ Stock Market and the rules and regulations of the SEC.

Our Board believes its members collectively have the experience, qualifications, attributes and skills to effectively oversee the management of our Company, including a high degree of personal and professional integrity, an ability to exercise sound business judgment on a broad range of issues, sufficient experience and background to have an appreciation of the issues facing our Company, a willingness to devote the necessary time to their Board and committee duties, a commitment to representing the best interests of the Company and our stockholders and a dedication to enhancing stockholder value.

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Risk Oversight. Our Board oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our Board performs this oversight role by using several different levels of review. In connection with its reviews of the operations and corporate functions of our Company, our Board of Directors addresses the primary risks associated with those operations and corporate functions. In addition, our Board of Directors reviews the risks associated with our Company's business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies. Each of our Board committees also coordinates oversight of the management of our risk that falls within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. The Board also is provided updated by the CEO and other executive officers of the Company on a regular basis.

Shareholder Communications. Although we do not have a formal policy regarding communications with the Board, shareholders may communicate with the Board by writing to us at 1624 Market Street, Suite 201, Denver, CO 80202, Attention: Legal. Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded, as appropriate. Please note that the foregoing communication procedure does not apply to (i) shareholder proposals pursuant to Exchange Act Rule 14a-8 and communications made in connection with such proposals or (ii) service of process or any other notice in a legal proceeding.

Board Committees

On December 9, 2015, our Board voted to create separate audit, nominating and corporate governance, and compensation committees of our Board. Before that time, we did not have any standing audit, nominating and compensation committees of the Board or committees performing similar functions.

Audit Committee . The Audit Committee is comprised of three of our independent directors, Ean Seeb, Terence Fitch, and Tripp Keber, each of whom is able to read and understand fundamental financial statements, including our balance sheet, statements of operations, stockholders' equity and cash flows. Mr. Fitch is the chairperson of the Audit Committee. The functions of the Audit Committee include the retention of our independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of our Company's annual audit, reviewing the adequacy of our Company's accounting and financial controls and reviewing the independence of our Company's independent registered public accounting firm. While the Company is not listed on the NASDAQ Stock Market, our Board has determined that each member of the Audit Committee is an "independent director" under the listing standards of the NASDAQ Stock Market and the applicable rules and regulations of the SEC. Our Board has also determined that each of Ean Seeb and Terence Fitch are an "audit committee financial expert" within the applicable requirements of the SEC. The Audit Committee is governed by a written charter approved by our Board, a copy of which is available on our website at <https://massroots.com/investors>. The charter complies with the applicable provision of the Sarbanes-Oxley Act and related rules of the SEC.

Compensation Committee . The Compensation Committee is comprised of two of our independent directors, Ean Seeb and Tripp Keber. Mr. Keber is the chairperson of the Compensation Committee. The functions of the Compensation Committee include the approval of the compensation offered to our executive officers and recommendation to the full Board of the compensation to be offered to our non-employee directors. While the Company is not listed on the NASDAQ Stock Market our Board has determined that each member of the Compensation Committee is independent in accordance with the listing standards of the NASDAQ Stock Market, and the applicable rules of regulations of the SEC, including the additional requirements that apply to members of the Compensation Committee. In addition, the Compensation Committee evaluates the independence of each compensation consultant, outside counsel and advisor retained by or providing advice to the Compensation Committee. In addition, the members of the Compensation Committee each qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee is governed by a written charter approved by our Board, a copy of which is available on our website at <https://massroots.com/investors>.

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Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is comprised of three of our independent directors, Ean Seeb, Terence Fitch, and Tripp Keber. Mr. Seeb is the chairperson of the Nominating and Corporate Governance Committee. The functions of the Nominating and Corporate Governance Committee include the identification, recruitment and nomination of candidates for our Board and its committees, making recommendations to our Board concerning the structure, composition and functioning of our Board and its committees (including the reporting channels through which our Board receives information and the quality and timeliness of the information), developing and recommending to our Board corporate governance guidelines applicable to our Company and annually reviewing and recommending changes (as necessary or appropriate), overseeing the annual evaluation of our Board's effectiveness and performance, and periodically conducting an individual evaluation of each director. While the Company is not listed on the NASDAQ Stock Market, our Board has determined that each member of the Nominating and Corporate Governance Committee is an "independent director" under the listing standards of the NASDAQ Stock Market and the applicable rules and regulations of the SEC. The Nominating and Corporate Governance Committee is governed by a written charter approved by our Board, a copy of which is available on our website at <https://massroots.com/investors>.

Nominations of Directors

Until December 9, 2015, we did not have a standing nominating committee or a committee performing similar functions. Accordingly, until December 9, 2015, the Board of Directors served as our nominating committee.

The Board and the Nominating and Corporate Governance Committee have not promulgated any minimum qualifications that nominees for the Board must meet in order to be considered. In identifying individuals qualified to become members of our Board, our Nominating and Corporate Governance Committee will take into account all factors it considers appropriate, which may include experience, accomplishments, education, understanding of the business and the industry in which we operate, specific skills, general business acumen and the highest personal and professional integrity. Generally, our Board will first consider the current members of the Board of Directors because they meet the criteria listed above and possess an in-depth knowledge of the Company and our history, strengths, weaknesses, goals and objectives. Each of the current directors has specific experience and qualifications that led to the conclusion that such director should serve as a director on our Board. Due to the limited size of our Board, we do not have a diversity policy.

We believe that our directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment.

Director Meetings

As of the date of this prospectus, our Board of Directors has conducted all business pursuant to unanimous written consent. Our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee were created by our Board on December 9, 2015 and have not yet held any meetings. Because we have not previously held an annual shareholders' meeting, our Board has not adopted a formal policy with regard to director attendance at annual meetings of shareholders.

Certain Relationships and Related Transactions

Except as described herein (or within the sections entitled Executive Compensation or Director Compensation of this prospectus), none of the following parties has, in our fiscal years ended 2014 and 2015, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction that has or will materially affect us:

- any of our directors or officers;
- any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock; or
- any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any of the above persons.

During the second quarter of 2015, MassRoots invested \$175,000 in exchange for preferred shares of Flowhub, a seed-to-sale system, equal to 8.95% of the then outstanding equity of Flowhub. Daniel Hunt, our Chief Operations Officer, also serves on the board of managers of Flowhub.

On March 24, 2014, as part of Agreement and Plan of Reorganization, each of the Company's shareholders surrendered their shares of the Company's common stock in exchange for the pro-rata distribution of 36,000,000 newly issued shares of Company's common stock, based on the percentage of the total shares of common stock held by the shareholder immediately prior to the exchange (the "Exchange"). Each of the below transactions reference such share amounts before and after such Exchange, where applicable.

On April 26, 2013, the Company approved the issuance of 15.25 shares of common stock (4,569,970 shares post-Exchange) to Isaac Dietrich, our Chief Executive Officer and Chairman, to repay \$17,053 short term borrowing related to Mr. Dietrich's payment of general Company expenses during the Company's first months since inception and to compensate him for his services. Service expense of \$112,505 was recognized due to the fair value of the shares in excess of the value of the short term borrowing. These shares were recorded as Common Stock to be issued and subsequently issued on the closing date of January 1, 2014.

On April 26, 2013, the Company approved the issuance of 3.75 shares of common stock (1,142,493 shares post-Exchange) to Hylar Fortier, our former Chief Operations Officer, in exchange for her services. The market value of the issued shares is \$31,870 and is approximated to be the fair market value of the services received. These shares were recorded as Common Stock to be issued and subsequently issued on the Original Offering's closing date of January 1, 2014.

On April 26, 2013, the Company approved the issuance of 3.00 shares of common stock (913,994 shares post-Exchange) to Stewart Fortier, our Chief Technology Officer, in exchange for his services. The market value of the issued shares is \$25,496 and is approximated to be the fair market value of the services received. These shares were recorded as Common Stock to be issued and subsequently issued on the Original Offering's closing date of January 1, 2014.

On April 26, 2013, the Company approved the issuance of 3.00 shares of common stock (913,994 shares post-Exchange) to Tyler Knight, our then Chief Marketing Officer, in exchange for his services. The market value of the issued shares is \$25,496 and is approximated to be the fair market value of the services received. These shares were recorded as Common Stock to be issued and subsequently issued on the Original Offering's closing date of January 1, 2014.

During the year ended December 31, 2013, the Company issued 72.06 stock options (21,954,137 shares post-Exchange) to directors and officers of the Company. In addition, options to purchase 42.81, 11.25, 9.0, and 9.0 shares (13,042,695, 3,427,478, 2,741,982 and 2,741,982 shares post-Exchange) of the Company's common stock at \$1.00 per share were issued to Mr. Dietrich, Ms. Fortier, Mr. Fortier, and Mr. Knight, respectively. The options vested through January 1, 2017 and contained an acceleration clause which was triggered on January 1, 2014 that caused all options to vest immediately. On January 1, 2014, each officer exercised all options held at that time.

On October 7, 2013, the Company entered into an agreement to issue as compensation for services provided a total of 2.94 Series A Preferred shares (895,715 common shares post-Exchange) with a market value of \$24,998 to Douglas Leighton, the Company's former director, for financial consulting services. The market value of the shares approximated the fair market value of services received. These shares were recorded as Series A Preferred Stock to be issued and subsequently issued on the Original Offering's closing date of January 1, 2014 and exchanged for 895,715 common shares post-Exchange.

As payment for consulting services provided in relation to the March 2014 Offering, we issued Dutchess a warrant exercisable into 4,050,000 shares of our common stock at \$0.001 per share, and a warrant exercisable into 2,375,000 shares of our common stock at \$0.40 per share on March 24, 2014. Dutchess is controlled by our former director, Douglas Leighton, and Michael Novielli. These warrants may be exercised any time after their issuance date through and including the third anniversary of their issuance date. The Company also granted registration rights to Dutchess covering all shares of common stock issuable upon the excise of the warrants.

On May 1, 2014, the Company issued 100,000 shares of common stock to Jesus Quintero at \$0.01 per share in exchange for his services as the Company's Chief Financial Officer for one year. These shares have a fair market value of \$10,000.

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On October 28, 2014, Isaac Dietrich and Stewart Fortier, our Chief Executive Officer and Chief Technology Officer, respectively, each participated in the Company's private offering that took place beginning September 15, 2014 and continued until March 11, 2015, whereby Mr. Dietrich purchased \$5,000 of the Company's securities consisting of 10,000 shares of the Company's common stock and warrants to purchase 5,000 shares at \$1 per share, while Mr. Fortier purchased \$10,000 of the Company's securities consisting of 20,000 shares of the Company's common stock and warrants to purchase 5,000 shares at \$1 per share. On March 11, 2015, E3 Events, LLC, which is controlled by our Director, Ean Seeb, purchased \$15,000 of the Company's securities consisting of 30,000 shares of the Company's common stock and warrants to purchase 15,000 shares at \$1 per share. On March 10, 2015, Michael and Shelly Seeb, Mr. Seeb's parents, as well as JEAP Partners, owned by Mr. Seeb's father in law, participated in the Company's private offering, purchasing \$5,000 and \$20,000 of the Company's securities respectively. Each of these purchases were made on the same terms as other, non-affiliated investors.

Director Independence

Our Common Stock is not quoted or listed on any national exchange or interdealer quotation system with a requirement that a majority of our board of directors be independent and, therefore, the Company is not subject to any director independence requirements. Our Board considers a director to be independent when the director is not an officer or employee of the Company or its subsidiaries, does not have any relationship which would, or could reasonably appear to, materially interfere with the independent judgment of such director, and the director otherwise meets the independence requirements under the listing standards of the NASDAQ Stock Market and the rules and regulations of the SEC. Under this standard, Messrs. Dietrich, and Fortier, along with our former director, Mr. Knight, would not be considered "independent" under such standards.

EXECUTIVE COMPENSATION

Named Executive Officers

Our "named executive officers" for the 2015 fiscal year consisted of the following individuals:

Isaac Dietrich, our Chief Executive Officer
 Dan Hunt, our Chief Operations Officer

No other executive officers earned over \$100,000 during the previous fiscal year.

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our Chief Executive Officer and our two most highly compensated executive officers (the "named executive officers" listed above) at the end of our last fiscal year for all services rendered in all capacities to us during the years during which they served as executive officers. Where a named executive officer is also a director, all compensation relates to such individual's position as an officer.

Name & Principal Position	Year	Salary \$	Bonus \$	Stock Awards (1) \$	Option Awards (1) \$	Non-Equity Incentive Plan Compensation \$	All Other Compensation \$	Total \$
Isaac Dietrich Chief Executive Officer, Director	2015	81,220	—	—	—	—	—	81,220
	2014	53,000	—	—	—	—	—	53,000
Daniel Hunt Chief Operating Officer	2015	67,500	—	25,000 (2)(4)	245,951 (2)(3)	—	—	338,451

- (1) These amounts are the aggregate fair value of the equity compensation incurred by the Company for payments to executives during the fiscal year. The aggregate fair value is computed in accordance with FASB ASC Topic 718. The fair market value was calculated using the Black-Scholes options pricing model. Assumptions underlying the valuation of each specific award are included in Note 8 of our Financial Statements included in our Annual Report on Form 10-K filed on March 30, 2015 and included herein.
- (2) On January 1, 2015, the Company approved the issuance to Daniel Hunt of 50,000 shares of its common stock and 100,000 options to purchase shares of common stock at \$0.50 per share pursuant to the 2014 Plan (defined below), which would vest over the period of one year on a monthly basis. As of December 31, 2015, all such options had vested. The fair market value of the options was determined to be \$45,953 as calculated assuming approximately 2.17% risk-free interest, 0% dividend yield, 1.50% volatility, and expected term of 5.25 years. The fair market value of the stock awards was determined to be \$25,000 (or \$0.50 per share) on grant date pursuant to our 2014 Plan, tied to the price of our then ongoing private placement offering. The Company incurred compensation expense of \$25,000 during the fiscal year 2015 related to the amortization of such stock awards and \$45,953 related to the amortization of such options received during the year by Mr. Hunt.
- (3) On December 14, 2015, the Board approved a grant of 800,000 unvested options to purchase shares of common stock at \$1.00 per share to Mr. Hunt pursuant to the 2015 Plan (defined below), which vest as follows: upon the Company reaching 1,000,000 registered users, 200,000 options shall vest; upon the Company reaching 2,500,000 registered users, 200,000 options shall vest; upon the Company reaching \$1,000,000 in cumulative revenue, 200,000 options shall vest; and, upon the Company reaching \$2,500,000 in cumulative revenue, 200,000 options shall vest. As of December 31, 2015, no options had vested. The fair market value of the 200,000 options that vest upon the Company reaching 1,000,000 registered users was calculated to be \$199,998, assuming approximately 2.23% risk-free interest, 0% dividend yield, 280% volatility, and expected term of 5.25 years. The value of the other 600,000 options was not determinable as the probability of achieving those targets is not currently estimable. The Company incurred compensation expense of \$20,118 during the fiscal year 2015 related to the amortization of such options received during the year by Mr. Hunt.
- (4) On December 14, 2015, the Company's Board approved the grant of 200,000 unvested restricted shares to Mr. Hunt. However, pursuant to the 2015 Plan (defined below), the grant would not occur until shareholder approval of the 2015 Plan became effective, which occurred in January 2016 (as described further in the section below entitled "2014 and 2015 Equity Incentive Plans"). As such, this grant will be included as compensation for Mr. Hunt in fiscal year 2016.

Outstanding Equity Awards at December 31, 2015 Fiscal Year End

The following table sets forth the equity awards to our named executive officers outstanding at December 31, 2015.

Name	Number of securities underlying unexercised options Exercisable	Number of securities underlying unexercised options Unexercisable	Option Awards		Option exercise price	Option expiration date
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options			
Daniel Hunt	100,000	—	—	\$	0.50	1/1/2025
—	—	—	800,000 (1)	\$	1.00	12/14/2025

- (1) The 800,000 unvested options were awarded pursuant to the 2015 Plan (defined below), which vest as follows: upon the Company reaching 1,000,000 registered users, 200,000 options shall vest; upon the Company reaching 2,500,000 registered users, 200,000 options shall vest; upon the Company reaching \$1,000,000 in cumulative revenue, 200,000 options shall vest; and, upon the Company reaching \$2,500,000 in cumulative revenue, 200,000 options shall vest.

Narrative Disclosure to Summary Compensation and Option Tables

Isaac Dietrich provides services to us as our Chief Executive Officer pursuant to an “at-will” agreement (with one month notice to be given prior to termination) that provides that Mr. Dietrich would be paid an amount determined by the Company in accordance with the Company’s normal payroll procedures. From October 1, 2013 to March 31, 2014, Mr. Dietrich was paid a salary of \$3,500 per month. From April 1, 2014 to March 31, 2015, Mr. Dietrich was paid a salary of \$5,000 per month. From April 1, 2015 and thereon, Mr. Dietrich was paid a salary of \$6,500 per month. Mr. Dietrich did not receive any compensation related to his position as a director.

Dan Hunt provides services to us as our Chief Operating Officer pursuant to an “at-will” agreement that became effective July 19, 2015. Pursuant to this agreement, Mr. Hunt receives a salary of \$78,000 per year and may be terminated by either party with or without cause with one (1) month’s written notice. From January 1, 2015 until July 17, 2015, Mr. Hunt served as an at-will employee with a salary of 3,500 per month.

In addition, on January 1, 2015, the Company approved the issuance to Mr. Hunt of 50,000 shares of its common stock and 100,000 options to purchase shares of common stock at \$0.50 per share pursuant to the 2014 Plan (defined below), which would vest over the period of one year on a monthly basis. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 2.17% risk-free interest, 0% dividend yield, 1.50% volatility, and expected term of 5.25 years.

On December 14, 2015, the Board approved a grant of 800,000 unvested options to purchase shares of common stock at \$1.00 per share to Mr. Hunt pursuant to the 2015 Plan (defined below), which vest as follows: upon the Company reaching 1,000,000 registered users, 200,000 options shall vest; upon the Company reaching 2,500,000 registered users, 200,000 options shall vest; upon the Company reaching \$1,000,000 in cumulative revenue, 200,000 options shall vest; and, upon the Company reaching \$2,500,000 in cumulative revenue, 200,000 options shall vest. The fair market value was calculated using the Black-Scholes options pricing model. Under this model, the fair market value of the 200,000 options that vest upon the Company reaching 1,000,000 registered users was calculated assuming approximately 2.23% risk-free interest, 0% dividend yield, 280% volatility, and expected term of 5.25 years. No cost is recognized in 2015 for the other 600,000 options as the probability of achieving those targets is not currently estimable. As of December 31, 2015, no options had vested.

On that same date, the Company’s Board approved the grant of 200,000 unvested restricted shares to Mr. Hunt. However, pursuant to the 2015 Plan (defined below), the grant would not occur until shareholder approval of the 2015 Plan became effective, which occurred in January 2016 (as described further in the section below entitled “2014 and 2015 Equity Incentive Plans”). As such, this grant will be included as compensation for Mr. Hunt in fiscal year 2016.

In December 2015, Mr. Dietrich started receiving health, vision and dental insurance. No retirement plan, life insurance or employee benefits program has been awarded to Mr. Dietrich and he serves at the direction of the Board of Directors.

On March 29, 2016, the Board of Directors, upon the recommendation of the Company’s Compensation Committee, approved increases in the salary of Mr. Dietrich and Mr. Hunt, such that each would receive \$10,833 per month for their services in their respective positions.

At no time during the periods listed in the above tables, with respect to any named executive officers, was there:

- any outstanding option or other equity-based award re-priced or otherwise materially modified (such as by extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined);
- any waiver or modification of any specified performance target, goal or condition to payout with respect to any amount included in non-stock incentive plan compensation or payouts;
- any non-equity incentive plan award made to a named executive officer;
- any nonqualified deferred compensation plans including nonqualified defined contribution plans; or
- any payment for any item to be included under All Other Compensation (column (i)) in the Summary Compensation Table.

Director Compensation

Our interested, employee directors do not receive any additional compensation for their service as directors.

The following table shows for the fiscal year ended December 31, 2015, certain information with respect to the compensation of all non-employee directors of the Company:

Name		Fees Earned or Paid in Cash		Stock Awards (1)		Option Awards (1)		Total
Ean Seeb	(2)	\$0	\$	0(3)		\$0(3)	\$	0
Tripp Keber	(2)	\$0	\$	0(3)		\$0(3)	\$	0
Terence Fitch		\$0	\$	0		\$90,876(4)	\$	90,876

- (1) These amounts are the aggregate fair value of the equity compensation granted to our directors during the fiscal year. The fair value is computed in accordance with FASB ASC Topic 718. The fair market value was calculated using the Black-Scholes options pricing model. Assumptions underlying the valuation of each specific award are included in Note 8 of our Financial Statements included in this prospectus.
- (2) Messrs. Seeb and Keber joined the Company's Board of Directors on June 4, 2014 and March 31, 2014, respectively.
- (3) As discussed below, Ean Seeb and Tripp Keber received stock awards and options on June 4, 2014 intended to compensate them for approximately three years of service on the Company's Board. The Company did not grant any additional awards in 2015 to Mr. Seeb or Mr. Keber, but did incur compensation cost of \$8,333 and \$16,605 related to the amortization of the stock awards and options issued on June 6, 2014.
- (4) The Company incurred compensation expense of \$7,573 during the fiscal year 2015 related to the amortization of options received during the year by Mr. Fitch.

On December 9, 2015, in exchange for his service as a Director, the Board approved the issuance to Mr. Terence Fitch, pursuant to the 2015 Employee Incentive Plan, unvested options to purchase up to 100,000 shares of the Company's common stock at an exercise price of \$0.90 per share that will expire ten years from date of issuance and vest monthly over the period of one year, beginning January 1, 2016. All vesting per the above schedule shall cease thirty days from the time the applicable director is dismissed from the Board, fails to win re-election by shareholders, or resigns as a director. The fair market value of the options was calculated using the Black-Scholes options pricing model, assuming approximately 2.23% risk-free interest, 0% dividend yield, 280% volatility, and expected term of 5.25 years.

On that same date, the Company's Board approved the grant of 100,000 shares to Mr. Fitch. However, pursuant to the 2015 Plan (defined below), the grant would not occur until shareholder approval of the 2015 Plan became effective, which occurred in January 2016 (as described further in the section below entitled "2014 and 2015 Equity Incentive Plans"). As such, this grant will be included as compensation for Mr. Fitch in fiscal year 2016.

On June 6, 2014, each of Ean Seeb and Tripp Keber received the following pursuant to our 2014 Employee Incentive Plan for their service as a director: (i) a stock award of 250,000 shares of our Common Stock and (ii) options to purchase up to 750,000 shares of our common stock at \$0.10 per share which vest as follows:

- Beginning on October 1, 2014, 250,000 options shall begin to vest over the period of one year on a monthly basis, such that 20,833 options shall vest on the first of each month, except for every third month when 20,834 options shall vest;
- Beginning on the later of (i) the date that Company attains 830,000 Users ("Users" are defined for the purposes of the options as the number of unique registrations for MassRoots Inc.'s network through MassRoots Inc.'s mobile application and/or website (final determination shall be by the Committee)) and (ii) October 1, 2015, 250,000 options shall begin to vest over the period of one year on a monthly basis, such that 20,833 options shall vest on the first of each month, except for every third month when 20,834 options shall vest; and
- Beginning on the later of (1) the date that Company attains 1,080,000 Users and (2) October 1, 2016, 250,000 options shall vest immediately.

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All vesting per the above schedule shall cease thirty days from the time the applicable director is dismissed from the Board, fails to win re-election by shareholders, or resigns as a director. As of December 31, 2015, 250,000 options held by each of Messrs. Seeb and Keber had vested and were available for exercise. No additional grants were made to Messrs. Keber and Seeb during 2015. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 2.61% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 10 years.

Indemnification of Officers and Directors

Our Amended and Restated Certificate of Incorporation provides that we shall indemnify our officers and directors to the fullest extent permitted by applicable law against all liability and loss suffered and expenses (including attorneys' fees) incurred in connection with actions or proceedings brought against them by reason of their serving or having served as officers, directors or in other capacities. We shall be required to indemnify a director or officer in connection with an action or proceeding commenced by such director or officer only if the commencement of such action or proceeding by the director or officer was authorized in advance by the Board of Directors.

We do not currently maintain directors' and officers' liability insurance but we may do so in the future.

2014 and 2015 Equity Incentive Plans

2014 and 2015 Equity Incentive Plans. In June 2014, our shareholders approved our 2014 Equity Incentive Plan ("2014 Plan") and in December 2015, our shareholders approved our 2015 Equity Incentive Plan ("2015 Plan", and collectively, the "Plans"), such approval becoming effective in January 2016. The Plans are identical, except for the number of shares of common stock reserved for issuance under each.

The Plans provide for the grant of incentive stock options to our employees and for the grant of nonstatutory stock options, stock bonus awards, restricted stock awards, performance stock awards and other forms of stock compensation to our employees, including officers, consultants and directors. Our Plans also provide that the grant of performance stock awards may be paid out in cash as determined by the Committee (as defined herein).

The following table and information below sets forth information as of December 31, 2015 on our Plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
2014 Equity Incentive Plan	2,900,000	\$ 0.263	0
2015 Equity Incentive Plan	2,755,000*	\$ 0.929	1,745,000*
Equity compensation plans not approved by security holders	—	—	—
Total			1,745,000*

*In December 2015, the grant of 540,000 shares of our common stock and 2,755,000 options to purchase shares of our common stock were authorized by the Company under the 2015 Plan. These grants occurred after the Board and shareholders approved the 2015 Plan, but before the shareholder approval was deemed to have become effective under Delaware law (which occurred in January 2016). Under the terms of the 2015 Plan, no shares of common stock may be issued and no options may be exercised until shareholder approval of the 2015 Plan occurs. As such approval had been obtained but was not yet effective as of December 31, 2015, the grant and issuance of the 540,000 shares of our common stock under the 2015 Plan did not occur until January 2016 and are still listed as available for issuance in column "(c)" above.

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Summary of the Plans

Authorized Shares. A total of 4,000,000 shares of our common stock are reserved for issuance pursuant to the 2014 Plan. A total of 4,500,000 shares of our common stock are reserved for issuance pursuant to the 2015 Plan. Shares issued under our Plans may be authorized but unissued or reacquired shares of our common stock. Shares subject to stock awards granted under our Plans that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, will not reduce the number of shares available for issuance under our Plans. Additionally, shares issued pursuant to stock awards under our Plans that we repurchase or that are forfeited, as well as shares reacquired by us as consideration for the exercise or purchase price of a stock award, will become available for future grant under our Plans.

Administration. Our Board of Directors, or a duly authorized committee thereof (collectively, the “Committee”), has the authority to administer our Plans. Our Board may also delegate to one or more of our officers the authority to designate employees other than Directors and officers to receive specified stock, which, in respect to those awards, said officer or officers shall then have all authority that the Committee would have.

Subject to the terms of our Plans, the Committee has the authority to determine the terms of awards, including recipients, the exercise price or strike price of stock awards, if any, the number of shares subject to each stock award, the fair market value of a share of our common stock, the vesting schedule applicable to the awards, together with any vesting acceleration, the form of consideration, if any, payable upon exercise or settlement of the stock award and the terms and conditions of the award agreements for use under the Plans. The Committee has the power to modify outstanding awards under the Plans, subject to the terms of the Plans and applicable law. Subject to the terms of our Plans, the Committee has the authority to reprice any outstanding option or stock appreciation right, cancel and re-grant any outstanding option or stock appreciation right in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under generally accepted accounting principles, with the consent of any adversely affected participant.

Stock Options. Stock options may be granted under the Plans. The exercise price of options granted under our Plans must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed 10 years, except that with respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term must not exceed 5 years and the exercise price must equal at least 110% of the fair market value on the grant date. The Committee will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the Committee, as well as other types of consideration permitted by applicable law. No single participant may receive more than 25% of the total options awarded in any single year. Subject to the provisions of our Plans, the Committee determines the other terms of options.

Performance Shares . Performance shares may be granted under our Plans. Performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The Committee will establish organizational or individual performance goals or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance shares to be paid out to participants. After the grant of a performance share, the Committee, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance shares. The Committee, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares or in some combination thereof, per the terms of the agreement approved by the Committee and delivered to the participant. This agreement will state all terms and condition of the agreements.

Restricted Stock. The terms and conditions of any restricted stock awards granted to a participant will be set forth in an award agreement and, subject to the provisions in the Plans, will be determined by the Committee. Under a restricted stock award, we issue shares of our common stock to the recipient of the award, subject to vesting conditions and transfer restrictions that lapse over time or upon achievement of performance conditions. The Committee will determine the vesting schedule and performance objectives, if any, applicable to each restricted stock award. Unless the Committee determines otherwise, the recipient may vote and receive dividends on shares of restricted stock issued under our Plans.

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Other Share-Based Awards and Cash Awards. The Committee may make other forms of equity-based awards under our Plans, including, for example, deferred shares, stock bonus awards and dividend equivalent awards. In addition, our Plans authorize us to make annual and other cash incentive awards based on achieving performance goals that are pre-established by our Compensation Committee.

Change in Control. If the Company is merged or consolidated with another entity or sells or otherwise disposes of substantially all of its assets to another company while awards or options remain outstanding under the Plans, unless provisions are made in connection with such transaction for the continuance of the Plans and/or the assumption or substitution of such awards or options with new options or stock awards covering the stock of the successor company, or parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices, then all outstanding options and stock awards which have not been continued, assumed or for which a substituted award has not been granted shall, whether or not vested or then exercisable, unless otherwise specified in the relevant agreements, terminate immediately as of the effective date of any such merger, consolidation or sale.

Change in Capitalization. If the Company shall effect a subdivision or consolidation of shares or other capital readjustment, the payment of a stock dividend, or other increase or reduction of the number of shares of the common stock outstanding, without receiving consideration therefore in money, services or property, then awards amounts, type, limitations, and other relevant consideration shall be appropriately and proportionately adjusted. The Committee shall make such adjustments, and its determinations shall be final, binding and conclusive.

Plan Amendment or Termination. Our Board has the authority to amend, suspend, or terminate our Plans, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. The Plans will terminate ten (10) years after the earlier of (i) the date each Plan is adopted by the Board, and (ii) the date a Plan is approved by the stockholders, except that awards that are granted under the applicable Plan prior to its termination will continue to be administered under the terms of the that Plan until the awards terminate, expire or are exercised.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of common stock by: (i) each director, (ii) each of the executive officers of the Company, (iii) all current directors and executive officers as a group, and (iv) each stockholder known to the Company to be the beneficial owner of more than 5% of the outstanding shares of common stock.

Each of the Company's currently outstanding debentures convertible into common stock and warrants to purchase common stock include a provision which prevents the Company from effecting the conversion or exercise of the respective debenture or warrant, to the extent that, as a result of such conversion or exercise, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of the Company's common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion or exercise (collectively, the "4.99% Blocker").

Unless otherwise indicated in the footnotes to the table, all information set forth in the table is as of March 30, 2016, and the address for each director and executive officer of the Company is: c/o MassRoots, Inc., 1624 Market Street, Suite 201, Denver, CO 80202. The addresses for the greater than 5% stockholders are set forth in the footnotes to this table.

	Number of Shares Beneficially Owned (1)	Percentage Outstanding (2)	
Directors and Officers			
Isaac Dietrich	17,703,831(3)	37.06%	(3)
Stewart Fortier	3,685,976(4)	7.72%	(4)
Ean Seeb	607,500(12)	1.13%	
Tripp Keber	562,500(13)	1.12%	
Daniel Hunt	467,500(15)	0.98%	
Terence Fitch (17)	141,665(18)	0.30%	
Jesus Quintero	100,000(19)	0.20%	
All directors and executive officers as a group (7 persons)			
	23,268,972	48.71%	
5% Stockholders			
Douglas Leighton (5)	10,664,411(6)	22.36%	(7)
Michael Novielli (8)	7,930,469(9)	16.60%	(7)
Dutchess Opportunity Fund II, LP (10)	7,180,469(11)	15.03%	(7)
Hylar Fortier (14)	4,532,970	9.49%	
Tyler Knight (16)	3,646,976	7.63%	

(1) The Company believes that each stockholder has sole voting and investment power with respect to the shares of common stock listed, except as otherwise noted. The number of shares beneficially owned by each stockholder is determined under rules of the SEC, and the information is not necessarily indicative of ownership for any other purpose. Under these rules, beneficial ownership includes (i) any shares as to which the person has sole or shared voting power or investment power and (ii) any shares which the individual has the right to acquire within 60 days after March 30, 2016 through the exercise of any stock option, warrant, conversion of preferred stock or other right, but such shares are deemed to be outstanding only for the purposes of computing the percentage ownership of the person that beneficially owns such shares and not for any other person shown in the table. The inclusion herein of any shares of common stock deemed beneficially owned does not constitute an admission by such stockholder of beneficial ownership of those shares of common stock.

(2) Based on 47,666,465 shares of common stock issued and outstanding as of March 30, 2016.

(3) The 17,703,831 shares of common stock include (i) 17,698,831 shares of common stock; and (ii) 5,000 shares of common stock issuable upon exercise of our \$1 warrants. These are aggregated without regard to the 4.99% Blocker and the percentage outstanding calculated without regard to the 4.99% Blocker. With regard to the 4.99% Blocker, the amount beneficially owned would be 17,698,831 shares, which would be equal to 37.23% of the Company's outstanding shares.

(4) The 3,685,976 shares of common stock include (i) 3,675,976 shares of common stock; and (ii) 10,000 shares of common stock issuable upon exercise of our \$1 warrants. These are aggregated without regard to the 4.99% Blocker and the percentage outstanding calculated without regard to the 4.99% Blocker. With regard to the 4.99% Blocker, the amount beneficially owned would be 3,765,976 shares, which would be equal to 7.73% of the Company's outstanding shares.

(5) Douglas Leighton resigned from the Company's Board of Directors as of March 25, 2014. His address is as follows: 50 Commonwealth Ave., Suite 2 Boston, MA 02116.

- (6) The 10,664,411 shares of our common stock, aggregated without regard to the 4.99% Blocker, includes (i) 923,371 shares of our common stock held of record by Mr. Douglas Leighton; (ii) 771,398 shares of our common stock held of record by Bass Point Capital, LLC (of which Mr. Leighton, as Managing Member, has sole voting power and dispositive control); (iii) 1,000,000 shares of our common stock issuable to Bass Point Capital, LLC upon exercise of our \$0.001 warrants; (iv) \$109,100 in convertible debentures held by Dutchess (which Mr. Leighton and Michael Novelli, as Managing Members, have shared voting power and dispositive control), convertible into 1,091,000 shares of our common stock; (v) 2,963,659 shares of our common stock issuable to Dutchess upon exercise of our \$0.001 warrants; (vi) 2,795,500 shares of our common stock issuable to Dutchess upon exercise of our \$0.40 warrants; (vii) 330,310 shares of our common stock held by Dutchess; (viii) \$50,000 of convertible debentures held by Azure Capital, LLC (of which Mr. Leighton, as Managing Partner, has sole voting power and dispositive control), convertible into 500,000 shares of our common stock; (ix) 250,000 shares of our common stock issuable to Azure Capital, LLC upon exercise of our \$0.40 warrants; (x) 14,173 shares held in Trust for Reef Leighton, Mr. Leighton's son; (xi) 20,000 shares held in Trust for Ella Leighton, Mr. Leighton's daughter; and (xii) 5,000 shares of our common stock held in a retirement account of Mr. Leighton.
- (7) Each of the convertible debentures and warrants to purchase shares of our common stock held of record and beneficially by Dutchess, Mr. Leighton and Mr. Novelli contain the 4.99% Blocker. Amounts shown in the table, however, are calculated without regard to the 4.99% Blocker. As of the date noted above, inclusive of the 4.99% Blocker, Dutchess, Mr. Leighton and Mr. Novelli beneficially own 4.99%, 4.99% and 4.99%, respectively, of our issued and outstanding common stock.
- (8) Michael Novelli's address is as follows: c/o Dutchess Global LLC, 1110 Rt. 55, Suite 206, LaGrangeville, NY 12540.
- (9) The 7,930,469 shares of our common stock, aggregated without regard to the 4.99% Blocker, includes (i) \$109,100 in convertible debentures held by Dutchess (which Mr. Douglas Leighton and Mr. Michael Novelli, as Managing Members, have shared voting power and dispositive control), convertible into 1,091,000 shares of our common stock; (ii) 2,963,659 shares of our common stock held by Dutchess issuable upon exercise of our \$0.001 warrants; (iii) 2,795,500 shares of our common stock issuable to Dutchess upon exercise of our \$0.40 warrants; (iv) 330,341 shares of our common stock held by Dutchess; (v) \$50,000 in convertible debentures held by Dutchess Global Strategies Fund, LLC (which Mr. Novelli, as Managing Member, has sole voting power and dispositive control), convertible into 500,000 shares of our common stock; and (vi) 250,000 shares of our common stock issuable to Dutchess Global Strategies Fund, LLC upon exercise of our \$0.40 warrants.
- (10) Dutchess' address is as follows: Dutchess Opportunity Fund, II, LP 50 Commonwealth Ave., Suite 2 Boston, MA 02116.
- (11) Each of Mr. Michael Novelli and Mr. Douglas Leighton, as Managing Partners of Dutchess, has voting power and dispositive control over these shares. The 7,180,469 shares of common stock are aggregated without regard to the 4.99% Blocker and include (i) \$109,100 in convertible debentures convertible into 1,091,000 shares of our common stock; (ii) 2,963,659 shares of our common stock issuable upon exercise of our \$0.001 warrants; (iii) 2,795,500 shares of our common stock issuable upon exercise of our \$0.40 warrants; and (iv) 330,310 shares of our common stock.
- (12) Mr. Seeb's 607,500 shares of common stock consists of (i) 250,000 shares common stock held by Denver Relief Consulting, which is controlled by Mr. Seeb, (ii) options held by Mr. Seeb to purchase 312,500 shares of our common stock which had vested on March 30, 2016 or were exercisable within 60 days of such date, (iii) 30,000 shares of common stock held by E-3 Events, which Mr. Seeb shares a 1/3 interest in, and (iv) 15,000 shares of common stock issuable upon exercise of our \$1 warrants, also held by E-3 Events. These amounts do not include the underlying shares related to options to purchase 437,500 shares of our common stock held by Mr. Seeb which had not yet vested on March 30, 2016, were not exercisable within 60 days of such date, and/or contained performance-based conditions.
- (13) Mr. Keber's 562,500 shares of common stock consists of (i) 250,000 shares common stock held by Dixie Holdings LLC, which is controlled by Mr. Keber, and (ii) options held by Mr. Keber to purchase 312,500 shares of our common stock which had vested on March 30, 2016 or were exercisable within 60 days of such date. These amounts do not include the underlying shares related to options to purchase 437,500 shares of our common stock held by Mr. Keber which had not yet vested on March 30, 2016, were not exercisable within 60 days of such date, and/or contained performance-based conditions.

- (14) Ms. Fortier is the Company's Director of Branding, a non-executive position for the purposes of Item 401 of Regulation S-K, and, until June 2015, was the Company's Chief Operations Officer. Her address is: c/o MassRoots, Inc., 1624 Market Street, Suite 201, Denver, CO 80202
- (15) Mr. Hunt's 467,500 shares of common stock consists of (i) 330,000 shares of common stock; (ii) 37,500 shares of common stock issuable upon exercise of our \$0.40 warrants; and (iii) options to purchase 100,000 shares of our common stock which had vested on March 30, 2016 or were exercisable within 60 days of such date. These amounts do not include the unvested grants of 100,000 shares of restricted stock and the underlying shares related to options to purchase 800,000 shares of our common stock held by Mr. Hunt which had not yet vested on March 30, 2016, were not exercisable within 60 days of such date, and/or contained performance-based condition
- (16) Mr. Knight is the Company's Senior Content Strategist, a non-executive position for the purposes of Item 401 of Regulation S-K, and, until December 2015, was the Company's Director and Chief Marketing Officer. His address is: c/o MassRoots, Inc., 1624 Market Street, Suite 201, Denver, CO 80202.
- (17) Mr. Fitch joined the Company's Board of Directors on December 9, 2015.
- (18) Mr. Fitch's 141,665 shares of common stock consists of (i) 100,000 shares common stock held by Mr. Fitch and (ii) options held by Mr. Fitch to purchase 41,665 shares of our common stock which had vested on March 30, 2016 or were exercisable within 60 days of such date. These amounts do not include the underlying shares related to options to purchase 58,335 shares of our common stock held by Mr. Fitch which had not yet vested on March 30, 2016, were not exercisable within 60 days of such date, and/or contained performance-based conditions.
- (19) These amounts do not include the underlying shares related to options to purchase 100,000 shares of our common stock held by Mr. Quintero which had not yet vested on March 30, 2016, were not exercisable within 60 days of such date, and/or contained performance-based condition

DESCRIPTION OF SECURITIES

We are offering up to [] shares of our Common Stock, together with up to [] Warrants to purchase shares of Common Stock at a price equal to \$[] per share and warrant for gross proceeds of up to \$[], before deduction of underwriter discounts and commissions and offering expenses payable by us. The shares of Common Stock and Warrants are immediately separable and will be issued separately. This prospectus also relates to the offering of shares of our Common Stock issuable upon exercise, if any, of the Warrants.

Common Stock:

General

The following description of our common stock is intended as a summary only and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus forms a part.

Our authorized common stock consists of 200,000,000 shares, par value \$0.001 per share, of which 47,666,465 shares were issued and outstanding as of March 30, 2016. As of that date, 136,723 shares of common stock were recorded as to be issued.

Voting Rights

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the stockholders. Except as otherwise required by Delaware law, the holders of our common stock possess all voting power. Pursuant to Delaware law, directors of the Company are elected at the annual meeting of the stockholders by a plurality of the votes cast at the election. According to our bylaws, in general, the affirmative vote of a majority of the shares represented at a meeting and entitled to vote on any matter is to be the act of our stockholders. Our bylaws provide that a majority of the outstanding shares of the Company entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of our stockholders. Our bylaws also provide that any action which may be taken at any annual or special meeting of our stockholders may be taken without a meeting if a written memorandum, setting forth the action so taken, is signed by all of the holders of outstanding shares of our common stock.

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Dividend Rights

The holders of our common stock are entitled to receive dividends as may be declared by our Board of Directors out of funds legally available for dividends. Our Board of Directors is not obligated to declare a dividend. Any future dividends will be subject to the discretion of our board of directors and will depend upon, among other things, future earnings, the operating and financial condition of our company, its capital requirements, general business conditions and other pertinent factors. We have not paid any dividends since our inception and we do not anticipate that dividends will be paid in the foreseeable future.

Miscellaneous Rights and Provisions

In the event of our liquidation, dissolution or winding up, each share of our common stock is entitled to share ratably in any assets available for distribution to holders of our common stock after satisfaction of all liabilities, subject to rights, if any, of the holders of any of our other securities.

Our common stock is not convertible or redeemable and has no preemptive, subscription or conversion rights. There are no conversions, redemption, sinking fund or similar provisions regarding our common stock. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock, as discussed below, and any preferred stock that we may designate and issue in the future.

Our common stock, after the fixed consideration thereof has been paid or performed, is not subject to assessment, and the holders of our common stock are not individually liable for the debts and liabilities of our company.

Our bylaws provide that our Directors may amend our bylaws by a majority vote of Directors or a majority vote of our shareholders.

Warrants:

The following summary of certain terms and provisions of the Warrants offered hereby is not complete and is subject to, and qualified in its entirety by the provisions of the form of the Warrant, which is filed as an exhibit to the Registration Statement of which this prospectus is a part. Prospective investors should carefully review the terms and provisions set forth in the form of warrant.

Exercise Price. The exercise price per share of Common Stock purchasable upon exercise of the Warrants is \$[]. If we, at any time while the warrants are outstanding, pay a stock dividend on our Common Stock or otherwise make a distribution on any class of capital stock that is payable in shares of our Common Stock, subdivide outstanding shares of our Common Stock into a larger number of shares or combine the outstanding shares of our Common Stock into a smaller number of shares, then, the number, class and type of shares available under the Warrants and the exercise price will be correspondingly adjusted to give the holder of the Warrant, on exercise for the same aggregate exercise price, the total number, class, and type of shares or other property as the holder would have owned had the Warrant been exercised prior to the event and had the holder continued to hold such shares until the event requiring adjustment.

Exercisability. Warrants may be exercised beginning on the date of original issuance and at any time up to the date that is [] years from the initial issuance date.

Cashless Exercise. If at any time during the term of the Warrants, the Company is unable to issue the shares of common stock upon exercise of the Warrants without a restrictive legend because there is not a currently effective registration statement, or the prospectus therein is not available for use, for the sale or resale of the shares of common stock issued upon exercise of the Warrants, the holder of the Warrants may utilize the cashless exercise provision in the Warrant.

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Rights as a Stockholder . Except by virtue of such holder's ownership of shares of our Common Stock, the holders of the Warrants do not have the rights or privileges of holders of our Common Stock, including any voting rights, until they exercise their Warrants; provided, however, that if we choose to engage in a rights offering or make a distribution of our assets to our common stockholders as a class, the holders of the Warrants will have the right to participate in such distributions as if they had exercised the warrants.

Fundamental Transactions . The Warrants will survive an acquisition or similar fundamental change of control transaction. In addition, upon a change of control merger or a non-surviving merger of the Company, the holders of the Warrants will have the right to require us or our successor to provide such property or securities that the holder would have received if exercised prior to the transaction occurring.

Limits on Exercise of Warrants . The holder will not have the right to exercise any portion of the Warrant if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of shares of our Common Stock (including securities convertible into Common Stock) outstanding immediately after the exercise.

Bridge Notes:

In March 2016, MassRoots completed the March 2016 Note Offering to certain accredited investors of six (6) month secured convertible notes with a principal amount of \$1,514,667 together with five year warrants to purchase an amount of shares of the Company's common stock equal to the number of shares of common stock issuable upon the conversion of the Bridge Notes in full and having an exercise price of \$1.00 per share. The Bridge Notes are secured by all the assets of the Company, and each of the executive officers of the Company entered into a lock-up agreement whereby they agreed to not sell or offer any shares of the Company's common stock owned by them until the Bridge Notes are fully repaid, redeemed or converted. The Bridge Notes may be convertible into shares of the Company's common stock at a price per share equal to the lower of (i) one dollar (\$1.00), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the note; provided, however, if any part of the principal amount of the note remains unpaid at its maturity date, the conversion price would be equal to 65% of the average of the three trading days with the lowest daily weighted average prices of the Company's common stock occurring during the fifteen days prior to the notes' maturity date. If the note is not repaid by the maturity date, the investors will receive, in aggregate but calculated pro rata to the principal amounts remaining outstanding at the time of maturity, up to five hundred thousand (500,000) shares of the Company's common stock.

Preferred Stock:

As of the date of this prospectus, no shares of preferred stock are outstanding. Pursuant to our Amended and Restated Certificate of Incorporation, our Board has the authority, without further action by the stockholders, to issue from time to time up to 21 shares of preferred stock in one or more series. The only series which has been issued previously is Series A Preferred Stock, none of which is currently outstanding as of the date of this prospectus. Among other rights and privileges, holders of Series A Preferred Stock are entitled to a cumulative dividend of 7% annually, preferential payments over common stock in the case of liquidation, merger, and other events, and the ability to convert their Series A Preferred Stock to common stock on a one to one basis (taking into account any unpaid dividends). This right to convert on a one to one basis to common stock is unaffected by the Exchange. Each share of Series A Preferred Stock entitles the holder to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series A Preferred Stock held are convertible as of the record date. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect 2 directors of the Company when such shares are outstanding.

We currently have no plans to issue any shares of preferred stock.

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MARKET FOR COMMON STOCK / SHARES ELIGIBLE FOR FUTURE SALE

Since April 9, 2015, our common stock has been quoted on the OTCQB under the symbol “MSRT”. Trading in our common stock has historically lacked consistent volume, and the market price has been volatile. We are applying to the NASDAQ Capital Market to list our common stock under the symbol “MSRT”.

The following table presents, for the periods indicated, the high and low sales prices of the Company’s common stock, and is based upon information provided by the OTCQB Marketplace. These quotations below reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not necessarily represent actual transactions.

	2015	
	High	Low
Second Quarter	\$ 7.01	\$ 1.02
Third Quarter	\$ 2.34	\$ 0.80
Fourth Quarter	\$ 1.80	\$ 0.84

	2016	
	High	Low
First Quarter	\$ 1.52	\$ 0.65

The last reported sale price of the Company’s common stock as of March 30, 2016 was \$1.38 per share.

As of March 30, 2016, there were 90 shareholders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent of our common stock is Pacific Stock Transfer Company, located at 173 Keith Street, Suite 3, Warrenton, Virginia 20186.

As of March 30, 2016, there were 47,666,465 shares of our common stock issued and outstanding. As of that date, 136,723 shares were recorded as to be issued and 2,091,000 shares of common stock were issuable upon the exercise of convertible debentures then outstanding, such debentures exchangeable for one share of common stock at \$0.10 per share.

As of March 30, 2016, excluding consideration of vesting provisions, 6,060,500 shares of common stock were issuable upon the exercise of options granted under our 2014 and 2015 Equity Incentive Plans to certain employees and directors with a weighted average exercise price of \$0.66 per share. Under the 2014 and 2015 Employee Equity Incentive Plans, disregarding current vesting schedules, there are 1,500,000 options exercisable at \$0.10 per share, 978,000 options at \$0.50 per share, 105,000 options at \$0.60 per share, 110,000 options at \$0.80 per share, 100,000 options at \$0.83 per share, 1,955,000 options at \$0.90 per share, 850,000 options at \$1.00 per share, and 462,500 options at \$1.06 per share. All options will expire 10 years from the date of issuance, which ranges from January 2025 to March 2026.

Further, 10,659,444 shares of common stock were issuable upon the exercise of warrants outstanding as of March 30, 2016, as further shown below:

Number of Warrants	Per Share Exercise Price	Expiration Date
3,963,659	\$ 0.001	March 2017
3,407,775	\$ 0.40	March 2017
100,000	\$ 0.50	February 2020
50,000	\$ 0.60	April 2020
100,000	\$ 0.83	January 2021
175,000	\$ 0.90	July 2020
2,309,335	\$ 1.00	September 2017 to March 2021 (Range)
146,200	\$ 1.06	December 2018
407,475	\$ 3.00	November 2018

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Equity Incentive Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of our common stock subject to outstanding stock options and common stock issuable under our equity incentive plans. We expect to file the registration statement covering such shares shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market, subject to the expiration of any applicable lock-up period and compliance with the resale provisions of Rule 144. For more information on our equity incentive plans, see "2014 and 2015 Equity Incentive Plans."

UNDERWRITING

Chardan Capital Markets LLC ("Chardan" or the "Representative") is acting as the sole book running manager of this Offering and as representative of the underwriters. Subject to the terms and conditions of the underwriting agreement, dated as of the date of this prospectus, the underwriters set forth below have agreed to purchase, and we have agreed to sell to them, the number of shares of Common Stock and Warrants to purchase common stock at the public offering price, less the underwriting discounts and commissions, as set forth on the cover page of this prospectus and as indicated below:

<u>Underwriters</u>	<u>Number of Shares</u>	<u>Numbe of Warrants</u>
Chardan Capital Markets, LLC		

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of common stock and warrants offered by this prospectus are subject to the approval of certain legal matters by its counsel and to other conditions. The underwriters are obligated to take and pay for all of the shares of common stock and warrants offered by this prospectus if any such shares of common stock and warrants are taken, other than those shares of common stock and warrants covered by the over-allotment option described below.

The following table summarizes the public offering price, underwriting commissions and proceeds before expenses to us assuming both no exercise and full exercise of the underwriter's over-allotment option. The underwriting commissions are equal to the public offering price per share less the amount per share or warrant the underwriters pays us for the shares of common stock and warrants.

	<u>Per Share and Warrant</u>	<u>Total without overallotment</u>	<u>Total with full exercise of overallotment</u>
Public offering price			\$
Underwriting discounts and commissions			
Proceeds, before expenses, to us			

In addition, we have agreed to reimburse the Representative for its out-of-pocket expenses in connection with the offering in an amount up to \$150,000, subject to FINRA Rule 5110(f)(2)(D)(i). We estimate that the total expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately [\$200,000], all of which are payable by us.

Over-Allotment Option

We have granted to the underwriters an option, exercisable no later than 45 calendar days after the date of the underwriting agreement to purchase up to [] shares of common stock at a price, after the underwriting discount, of \$ [] per share and/or warrants to purchase up to [] shares of common stock at a price, after the underwriting discount, of \$ [] per warrant from us in any combination thereof to cover over-allotments, if any. The underwriters may exercise this option only to cover over-allotments, if any, made in connection with this offering. To the extent the option is exercised and the conditions of the underwriting agreement are satisfied, we will be obligated to sell to the underwriters, and the underwriters will be obligated to purchase, these additional shares of common stock and/or warrants to purchase common stock.

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Indemnification

Pursuant to the underwriting agreement, we have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters or such other indemnified parties may be required to make in respect of those liabilities.

Right of First Refusal

We have granted the Representative a right of first refusal to act as co-lead underwriter or co-lead placement agent with at least 50% of the economics for any future capital raising transaction involving our securities in which we engage an underwriter or placement agent for a period of twelve (12) months from the date of commencement of the offering hereunder.

In addition, the Representative shall have the right to receive cash compensation equal to 10% of the aggregate gross proceeds in connection with any investment by any investors which the Representative contacted on our behalf or introduced to us in any financing or capital raising transaction that occurs within six (6) months following the termination of our engagement of the Representative.

Electronic Distribution

A prospectus in electronic format may be made available on the websites maintained by the underwriters or selling group members, if any, participating in this offering and the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of shares to underwriter and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the Registration Statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Lock-Up Agreements

We, all of our directors and executive officers, and holders of ten percent (10%) or more of our outstanding securities (or securities convertible into shares of our common stock) have agreed that, for a period of [] months after the date of this prospectus, subject to certain limited exceptions, we and they will not directly or indirectly, without the prior written consent of the Representative, (1) offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, encumber, assign, borrow or otherwise dispose of or transfer any shares of common stock (including, without limitation, shares of common stock that may be deemed to be beneficially owned by us or them in accordance with the rules and regulations of the SEC and shares of common stock that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for common stock, (2) establish or increase any “put equivalent position” or liquidate or decrease any “call equivalent position” (in each case within the meaning of Section 16 of the Exchange Act and the rules and regulations thereunder) with respect to any common stock or otherwise enter into any swap, derivative or other transaction or arrangement that transfers to another, in whole or in part, any economic consequence of ownership of common stock, whether or not such transaction is to be settled by the delivery of common stock, other securities, cash or other consideration, or otherwise publicly disclose the intention to do so, (3) file or participate in the filing with the SEC of any registration statement or circulate or participate in the circulation of any preliminary or final prospectus or other disclosure document, in each case with respect to any proposed offering or sale of common stock or (4) exercise any rights they may have to require registration with the SEC of any proposed offering or sale of common stock.

The Representative may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release common stock and other securities from lock-up agreements, the Representative will consider, among other factors, the holder’s reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time

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At least three business days before the effectiveness of any release or waiver of any of the restrictions described above with respect to an officer or director of the Company, the Representative will notify us of the impending release or waiver and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

Determination of the Public Offering Price

Prior to this offering, there has a limited public market for our common stock and no public market for our warrants. The public offering price will be as determined through negotiations between us and the Representative of the underwriters. In addition to prevailing market conditions, the factors considered in determining the public offering price included the following:

- the information included in this prospectus and otherwise available to the underwriters;
- the current market price of our common stock, trading prices of our common stock over time, and the illiquidity and volatility of our common stock;
- the valuation multiples of publicly traded companies that the underwriters believe to be comparable to us;
- our financial information;
- our prospects and the history and the prospectus of the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

Price Stabilization, Short Positions and Penalty Bids

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising the over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. A naked short position occurs if the underwriters sell more shares than could be covered by the over-allotment option. This position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

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Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be discontinued at any time

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our shares of common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that any transaction, if commenced, will not be discontinued without notice.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon for us by Thompson Hine LLP. Certain legal matters relating to this offering will be passed upon for Chardan Capital Markets, LLC by Ellenoff Grossman & Schole LLP.

EXPERTS

The financial statements of MassRoots, Inc. as of December 31, 2015 have been included herein in reliance upon the reports of Liggett & Webb P.A. (“Liggett Webb”), certified public accountants, for the period ended and as of December 31, 2015 upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2015 financial statements contains an explanatory paragraph that states that MassRoots, Inc. has suffered net losses since inception from operations and this raises substantial doubt about the Company’s ability to continue as a going concern.

The financial statements of MassRoots, Inc. as of December 31, 2014 have been included herein in reliance upon the reports of N.K.A. L&L CPAs, PA (formerly known as Bongiovanni & Associates, PA), certified public accountants, for the period ended and as of December 31, 2014 upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2014 financial statements contains an explanatory paragraph that states that MassRoots, Inc. has suffered net losses since inception from operations and this raises substantial doubt about the Company’s ability to continue as a going concern.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1 under the Securities Act with the SEC with respect to the Common Stock and Warrants we are offering by this prospectus. This prospectus does not contain all of the information included in the Registration Statement. For further information pertaining to us and our Securities, you should refer to the Registration Statement and the exhibits and schedules filed with the Registration Statement. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract, agreement or other document.

We are required to file annual, quarterly and current reports and other information with the SEC. You can read and copy any of this information at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 on official business days during the hours of 10:00 a.m. to 3:00 p.m. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. This information is also available from the SEC’s website at <http://www.sec.gov>. We will also gladly send any filing to you upon your written request to Isaac Dietrich, our Chief Executive Officer, at 1624 Market Street, Suite 201, Denver, CO 80202. Our reports and other information that we have filed, or may in the future file, with the SEC are not incorporated by reference into and do not constitute part of this prospectus.

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**DECEMBER 31, 2015
FINANCIAL STATEMENTS**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Massroots, Inc.

We have audited the accompanying balance sheet of Massroots, Inc. (“the Company”) as of December 31, 2015 and the related statements of operations, stockholders’ equity (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massroots, Inc as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred losses from operations since its inception. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Liggett & Webb, P.A.
Liggett & Webb, P.A .

March 30, 2016
New York, New York

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Massroots, Inc.

We have audited the accompanying balance sheet of Massroots, Inc. (the "Company") as of December 31, 2014, and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and the results of its operations, changes in stockholders' equity and cash flows for the period for the year ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net loss and negative cash flows from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Bongiovanni & Associates, PA
Bongiovanni & Associates, PA
N.K.A. L&L CPAS, PA
Certified Public Accountants
Plantation, Florida
The United States of America
March 31, 2015

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MASSROOTS, INC.
BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 386,316	\$ 141,928
Other receivables	39,500	11,201
Prepaid expense	12,938	130,797
Total Current assets	438,754	283,926
Property and equipment - net	73,023	14,162
OTHER ASSETS		
Investment in Flowhub	175,000	0
Deposits	33,502	68,441
Total Other Assets	208,502	68,441
TOTAL ASSETS	720,279	366,529
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	110,087	25,842
Accrued expenses	84,355	25,695
Derivative liabilities	0	1,099,707
Total Current liabilities	194,442	1,151,244
LONG-TERM LIABILITY		
Convertible debentures, net of \$0 and \$107,016 discount, respectively	209,100	162,084
Total Liabilities	403,542	1,313,328
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 46,939,966 and 38,909,000 shares issued and outstanding	46,940	38,909
Common stock to be issued, 624,000 and 1,048,000 shares, respectively	5,574	1,048
Additional paid in capital	12,096,744	2,372,867
Accumulated deficit	(11,832,521)	(3,359,623)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	316,737	(946,799)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 720,279	\$ 366,529

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

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MASSROOTS, INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015, AND 2014

	2015	2014
REVENUES	\$ 213,963	\$ 9,030
OPERATING EXPENSES		
Advertising	717,773	180,776
Cost of revenues	57,611	690
Payroll and related expense	1,381,071	262,653
Common stock issued for services	1,219,904	30,658
Options issued for services	1,273,393	59,473
Warrants issued for services	229,365	555,598
Other general and administrative expenses	1,459,946	526,405
Total Operating expenses	6,339,063	1,616,253
(LOSS) FROM OPERATIONS	(6,125,100)	(1,607,223)
OTHER (EXPENSE)		
Change in derivative liabilities	(2,236,401)	(753,240)
Interest expense	(4,381)	(8,316)
Amortization of discount on notes payable	(107,016)	(67,363)
Total Other (Expense)	(2,347,798)	(828,919)
(LOSS) BEFORE INCOME TAXES	(8,472,898)	(2,436,142)
PROVISION FOR INCOME TAXES	0	0
NET (LOSS)	\$ (8,472,898)	\$ (2,436,142)
Basic and fully diluted net (loss) per common share:	\$ (0.19)	\$ (0.17)
Weighted average common shares outstanding	43,834,157	14,375,222

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

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MASSROOTS, INC.
STATEMENT OF CASHFLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (8,472,898)	\$ (2,436,142)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Amortization of discounts on notes payable	107,016	67,363
Depreciation	10,174	1,799
Common stock issued for services	1,219,904	30,658
Options issued for services	1,273,393	59,473
Warrants issued for services	229,365	555,598
Change in derivative liabilities	2,236,401	753,240
Inputed Interest expense	4,381	8,316
Changes in operating assets and liabilities		
Other receivables	(28,299)	(11,201)
Prepaid expense	209,370	—
Deposit	(30,953)	(2,550)
Accounts payable and other liabilities	112,906	50,490
Net Cash (Used in) Operating Activities	<u>(3,129,240)</u>	<u>(922,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for equipment	(69,035)	(14,667)
Investment in Flowhub	(175,000)	—
Net Cash (Used in) Investing Activities	<u>(244,035)</u>	<u>(14,667)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of convertible debentures for cash	—	269,100
Issuance of common stock for cash, net of offering costs	3,075,577	729,900
Proceeds from exercise of options and warrants	542,086	72
Net Cash Provided by Financing Activities	<u>3,617,663</u>	<u>999,072</u>
NET INCREASE IN CASH	<u>244,388</u>	<u>61,449</u>
CASH AT BEGINNING OF PERIOD	141,928	80,479
CASH AT END OF YEAR	<u>\$ 386,316</u>	<u>\$ 141,928</u>
NON-CASH FINANCING ACTIVITIES		
Common stock issued upon conversion of debentures	\$ 60,000	\$ 0
Reclassification of derivative liabilities to equity	\$ 3,336,109	\$ 0
Common stock issued for services	\$ 0	\$ 54,342
Options issued for services	\$ 0	\$ 142,345
Preferred stock dividend	\$ 0	\$ 4,538
Inputed interest - apic	\$ 4,381	\$ 8,316

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

MASSROOTS, INC.
STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>Common Stock</u>		<u>Common Stock to be Issued</u>		<u>Additional Paid</u>	<u>Accumulated</u>	<u>Total Stockholders'</u>
Balance as of December 31, 2013			13,889,677	13,890	985,960	(919,123)	\$ 80,727
Accrued dividend on preferred stock						(4,358)	(4,358)
Conversion of dividend into common stock	156,293	156			4,202		4,358
Exercise of options	21,954,030	21,954			(21,882)		72
Intrinsic value of beneficial conversion feature					87,189		87,189
Common stock issued for cash	2,059,000	2,059	1,048,000	1,048	467,515		470,622
Common stock issued for services	850,000	850			84,150		85,000
Issuance of common stock	13,889,677	13,890	(13,889,677)	(13,890)			0
Options issued for services					201,818		201,818
Warrants issued for services					555,598		555,598
Imputed interest					8,316		8,316
Net loss for 12 months ended December 31, 2014						(2,436,142)	(2,436,142)
Balance as of December 31, 2014	38,909,000	\$ 38,909	1,048,000	\$ 1,048	\$2,372,867	(\$ 3,359,623)	(\$ 946,799)
Common stock issued	1,048,000	1,048	(1,048,000)	(1,048)			0
Common stock cancelled in consideration for warrants	(1,000,000)	(1,000)			1,000		0
Common stock issued for cash	3,966,509	3,967	34,000	34	3,071,576		3,075,577
Common stock issued upon exercise of warrants for cash	2,426,341	2,426	—		534,660		537,086
Common shares issued upon cashless exercise of warrants	41,995	42			(42)		0
Common stock issued for services	948,120	948	540,000	540	1,218,416		1,219,904
Stock based commensation related to stock options					1,273,393		1,273,393
Common stock to be issued from exercise of options			50,000	5,000			5,000

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

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	Common Stock		Common Stock to be Issued		Additional Paid	Accumulated	Total Stockholders'
Fair value of warrants issued for services					229,365		229,365
Common stock issued upon conversion of debentures	600,000	600			59,400		60,000
Reclassification of derivative liabilities to equity					3,336,109		3,336,109
Net loss for 12 months ended December 31, 2015						(8,472,898)	(8,472,898)
Balance as of December 31, 2015	<u>46,939,965</u>	<u>\$ 46,940</u>	<u>624,000</u>	<u>\$ 5,574</u>	<u>\$ 12,096,744</u>	<u>(\$11,832,521)</u>	<u>\$ 316,737</u>

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

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MassRoots, Inc. (the “Company”) is a technology platform for the cannabis industry focused on enabling users to share their cannabis content, follow their favorite dispensaries, and stay connected with the legalization movement. The Company was incorporated in the State of Delaware on April 26, 2013.

During 2015, the Company increased its userbase from approximately 200,000 to 720,000 users. In August 2015, the Company began monetizing its platform through advertising sales to dispensaries and cannabis brands. Its secondary source of income is merchandise sales which primarily includes MassRoot’s t-shirts, jars and stickers.

Basis of Presentation

The financial statements include the accounts of MassRoots, Inc. under the accrual basis of accounting.

Management’s Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include revenue recognition, fair value of the Company’s stock, stock-based compensation, fair values relating to warrant and other derivative liabilities and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Deferred Taxes

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company’s ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts and if the financial condition of the Company’s customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues its collection. As of December 31, 2015 and 2014, based upon the review of the outstanding accounts receivable, the Company has determined that an allowance for doubtful accounts is not required

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

Revenue Recognition

The Company recognizes revenue when services are realized or realizable and earned less estimated future doubtful accounts. The Company considers revenue realized or realizable and earned when all of the following criteria are met:

- (i) persuasive evidence of an arrangement exists,
- (ii) the services have been rendered and all required milestones achieved,
- (iii) the sales price is fixed or determinable, and
- (iv) Collectability is reasonably assured.

MassRoots primarily generates revenue by charging businesses to advertise on the network. MassRoots has the ability to target advertisements directly to a clients' target audience, based on their location, on their mobile devices. All advertising services take between a few hours to up to one month to complete, unless otherwise noted.

MassRoots' secondary source of income is merchandise sales. The objective with the sales is not to generate large profit margins, but to help offset the cost of marketing. Each t-shirt, sticker and jar MassRoots sells will likely lead to more downloads and active users.

Cost of Revenue

The Company's main cost of revenue originates from its merchandise store, where often times the Company realizes low profit margins and is not the main focus of the Company.

Comprehensive Income (Loss)

The Company reports comprehensive income and its components following guidance set forth by section 220-10 of the FASB Accounting Standards Codification which establishes standards for the reporting and display of comprehensive income and its components in the financial statements. There were no items of comprehensive income (loss) applicable to the Company during the periods covered in the financial statements.

Convertible Debentures

If the conversion features of conventional convertible debt provides for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 "Debt with Conversion and Other Options." In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and the Company amortizes the discount to interest expense, over the life of the debt.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

Fair Value of Financial Instruments

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Company follows Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10") and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income.

For option-based simple derivative financial instruments, the Company uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid in capital) and amortized to interest expense over the life of the debt.

Advertising, Marketing and Public Relations

The Company follows the policy of charging the costs of advertising, marketing, and public relations to expense as incurred. Such costs were \$717,773 and \$180,776 for the years ended December 31, 2015 and 2014, respectively.

Research and development costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of \$0 and \$0 for the years ended December 31, 2015 and 2014, respectively.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes (“ASC 740-10”) for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Net Income (loss) Per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share (“ASC 260-10”). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the “treasury stock” and/or “if converted” methods as applicable.

The computation of basic and diluted loss per share as of December 31, 2015 and 2014 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net income (loss) per share are as follows:

	<u>2015</u>	<u>2014</u>
Common stock issuable upon conversion of convertible debentures	2,091,000	2,691,000
Options to purchase common stock	5,425,000	2,050,000
Warrants to purchase common stock	9,018,609	9,324,000
Totals	<u>16,534,609</u>	<u>13,975,000</u>

Cost Method Investment

During the year ended December 31, 2015, the Company made an investment in a private company, Flowhub, and has accounted for this investment under the cost method.

Reclassification

Certain reclassifications have been made to the prior years’ data to conform to the current year presentation. These reclassifications had no effect on reported income (losses).

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" (Topic 606). This ASU provides guidance for revenue recognition and affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry specific guidance. The standard's core principle is the recognition of revenue when a company transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers" (Topic 606): Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2017, including interim reporting periods within that reporting period. Early adoption is permitted for fiscal years beginning after December 15, 2016. The Company is currently evaluating the method and impact the adoption of ASU 2014-09 will have on the Company's consolidated financial statements and disclosures.

In August 2014, FASB issued ASU 2014-15, "Presentation of Financial Statements Going Concern (Subtopic 205-40) – Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". Currently, there is no guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The amendments in this ASU provide that guidance. In doing so, the amendments are intended to reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this ASU are effective for public and nonpublic entities for annual periods ending after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-15 on the Company's financial statements.

There were various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 GOING CONCERN AND UNCERTAINTY

The Company has suffered losses from operations since inception. In addition, the Company has yet to generate a significant cash flow from its business operations. These factors raise substantial doubt as to the ability of the Company to continue as a going concern for a reasonable period of time.

Management's plans with regard to these matters encompass the following actions: 1) obtain funding from new and potentially current investors to alleviate the Company's working deficiency, and 2) implement a plan to generate sales. The Company's continued existence is dependent upon its ability to translate its user base into sales. However, the outcome of management's plans cannot be ascertained with any degree of certainty. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

NOTE 3 PROPERTY AND EQUIPMENT

Fixed assets were comprised of the following as of December 31, 2015 and 2014:

	2015	2014
Computers	\$ 58,121	\$ 12,134
Office equipment	27,083	4,055
Total	85,224	16,189
Less: Accumulated depreciation	12,201	2,027
Property and equipment, net	\$ 73,023	\$ 14,162

Depreciation expense for the years ended December 31, 2015 and 2014 were \$10,174 and \$1,799, respectively.

NOTE 4 CONVERTIBLE DEBENTURES

On March 24, 2014, the Company issued convertible debentures to certain accredited investors. The total principal amount of the debentures is \$269,100 and originally matured on March 24, 2016 with a zero percent interest rate. The debentures are convertible into shares of the Company's common stock at \$0.10 per share. Subsequent to the close of the year, the debentures were amended to extend the maturity date to March 24, 2018.

The Company recorded the \$174,378 debt discount due to beneficial conversion feature of \$87,189 for the detachable warrants issued with convertible debt, and \$87,189 in derivative liabilities related to the ratchet feature warrants.

On January 7, 2015, one holder of a convertible debenture converted \$40,000 of principal into 400,000 shares of common stock. On April 4, 2015, one holder of a convertible debenture converted \$20,000 of principal into 200,000 shares of common stock.

During the years ended December 31, 2015 and 2014, the Company recorded amortization expense related to debt discount of \$107,016 and 67,363, respectively. As of December 31, 2015, the aggregate carrying value of the debentures was \$209,100 net of debt discounts of \$0, while as of December 31, 2014, the aggregate carrying value of the debentures was \$162,084 net of debt discounts of \$107,016.

The Company's convertible debentures is summarized as follows:

	2015	2014
Principal balance	\$ 209,100	\$ 269,100
Accumulated amortization	(-)	(107,016)
Convertible debentures, net	\$ 209,100	\$ 162,084

NOTE 5 DERIVATIVE LIABILITIES AND FAIR VALUE MEASUREMENTS

The Company identified conversion features embedded within convertible debt and warrants outstanding for the year ending December 31, 2015. The Company has determined that the features associated with the embedded conversion option and exercise prices, in the form a ratchet provisions, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

During the third quarter of 2015, the Company and the convertible debt note and warrant holders agreed to amend terms of the agreements to remove the ratchet provisions. Accordingly, the Company reclassified the derivative liability to equity classification resulting in an increase to additional paid in capital by \$3,336,109.

During the fourth quarter of 2015, the Company and the holders of warrants previously issued as part of our offering from September 2014 to March 2015 with an exercise price of \$1.00 per share and all other warrants agreed to amend the warrants to remove the ratchet provision in exchange for a warrant for an additional 20% of their original warrant shares at \$1.06 per share. This reduced the Company's derivative liability by \$1,155,199 and increased additional paid in capital by \$761,426.

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"). ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed below. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed are that of volatility and market price of the underlying common stock of the Company.

As of December 31, 2015 and 2014, the Company did not have any derivative instruments that were designated as hedges.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

The derivative liability as of December 31, 2014, in the amount of \$1,099,708 has a level 3 classification. At December 31, 2015, the Company did not have any level 3 classifications.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities as of two years ended December 31, 2015:

Balance, December 31, 2013	\$	—
Transfers in of Level 3		346,467
Mark-to-market – loss on change in fair value of derivative liability - 2014		753,241
Balance, December 31, 2014	\$	1,099,708
Mark-to-market – loss on change in fair value of derivative liability -2015		2,236,401
Transfers out of Level 3		(3,336,109)
Balance, December 31, 2015	\$	—

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases, therefore decreasing the liability on the Company's consolidated balance sheet. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments. The simulated fair value of these liabilities is sensitive to changes in the Company's expected volatility. Increases in expected volatility would generally result in higher fair value measurement. A 10% change in pricing inputs and changes in volatilities and correlation factors would not result in a material change in our Level 3 fair value.

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions during the two years ended December 31, 2015:

	<u>Commitment Date</u>	<u>Premeasurement Dates</u>
Expected dividends	0%	0%
Expected volatility	150%	75% - 150%
Expected term	3-5 years	1.83 – 4.70 years
Risk free interest rate	0.75% - 1.1%	0.89% - 1.37%

NOTE 6 CAPITAL STOCK

The following is a summary of the capital stock transactions incurred during the years ended December 31, 2015 and 2014:

On March 18, 2014, the Company entered into a Plan of Reorganization with its shareholders in which the following was effected: (i) on March 21, 2014, the Company's Certificate of Incorporation was amended to allow for the authorization of 200,000,000 shares of the Company's common stock; (ii) on March 24, 2014, each of the Company's preferred shareholders converted their shares into common stock on a one for one basis; and (iii) on March 24, 2014, each of the Company's shareholders surrendered their shares of the Company's common stock in exchange for the pro-rata distribution of 36,000,000 newly issued shares of Company's common stock, based on the percentage of the total shares of common stock held by the shareholder immediately prior to the exchange (the "Exchange").

On January 1, 2014, the Company's directors and officers exercised all of the then outstanding 72.06 stock options and acquired 72.06 shares of common stock at \$1 per share. These 72.06 shares of common stock were exchanged for 21,954,160 shares of common stock during the Exchange.

MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

On March 18, 2014, immediately prior to the Exchange, the Company converted \$4,358 accrued dividends from Series A preferred shares into 0.513 shares of common stock, which was exchanged for 156,293 shares of common stock during the Exchange.

On March 24, 2014, the Company issued 2,059,000 shares of common stock in exchange for \$205,900 cash.

On June 4, 2014, the Company issued 250,000 shares of common stock to Vincent “Tripp” Keber valued at \$0.10 per share in exchange for his services on the Company’s Board of Directors for three years under the 2014 Equity Incentive Plan (“2014 Plan”). These shares had a fair market value of \$25,000, of which \$8,220 was amortized for the 12 months ended December 31, 2015.

On June 4, 2014, the Company issued 250,000 shares of common stock under the 2014 Plan to Ean Seeb valued at \$0.10 per share in exchange for his services on the Company’s Board of Directors for three years. These shares had a fair market value of \$25,000, of which \$8,220 was amortized for the 12 months ended December 31, 2015.

On June 4, 2014, the Company issued 250,000 shares of common stock under the 2014 Plan to Sebastian Stant valued at \$0.10 per share in exchange for his services as the Company’s Lead Web Developer for one year. These shares had a fair market value of \$25,000, of which \$21,232 was amortized for the 12 months ended December 31, 2015.

On May 1, 2014, the Company issued 100,000 shares of common stock under the 2014 Plan to Jesus Quintero valued at \$0.10 per share in exchange for his services as the Company’s Chief Financial Officer for one year. These shares had a fair market value of \$10,000, of which \$6,630 was amortized for the 12 months ended December 31, 2015.

From September 15, 2014 to March 11, 2015, we completed an offering of \$861,000 of our securities to certain accredited and non-accredited investors consisting of 1,722,000 shares of our common stock at \$0.50 per share. As of December 31, 2015, 1,732,000 shares of common stock had been issued, of which 10,000 shares were improperly issued and were booked as shares to be rescinded.

In April 2015, MassRoots, Inc. issued 960,337 shares of the Company’s common stock to certain accredited and unaccredited investors, pursuant to which, the Company received gross proceeds of \$576,200. The Company terminated this offering as of April 17, 2015. The Company compensated Chardan Capital Markets, LLC \$20,000 cash and 262,560 shares of common stock as commission for this placement.

On April 28, 2015, the Company entered into a consulting agreement with Torrey Hills Capital. Under the terms of the agreement, Torrey Hills Capital was issued 75,000 shares of common stock for setting-up non-deal roadshows for the Company.

On May 12, 2015, the Company entered into a consulting agreement with Caro Capital. Under the terms of the agreement, Caro was issued 200,000 shares of common stock for setting-up non-deal roadshows for the Company for a period of one year.

On June 15, 2015, the Company entered into a consulting agreement with Demeter Capital. Under the terms of the agreement, Demeter Capital was issued 100,000 shares of common stock for consulting services.

From June to July 2015, MassRoots issued 1,540,672 shares of unregistered common stock to certain accredited investors for gross proceeds of \$1,140,502. In connection with this offering, Chardan Capital received \$27,200 in cash and 80,560 shares of the Company’s common stock as commission for this placement.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

On November 9, 2015, MassRoots sold 815,500 shares of common stock, with warrants to purchase 407,475 shares of common stock, in a registered offering to certain unaccredited and accredited investors for gross proceeds of \$1,019,375 to the Company. MassRoots did not utilize a placement agent in this transaction. As of December 31, 2015, 781,500 shares had been issued and 34,000 shares were recorded as to be issued.

During the year ended December 31, 2015, the Company issued 1,340,000 shares of common stock for the exercise of \$0.40 warrants; 1,086,341 shares of common stock for the exercise of \$0.001 warrants; and 41,995 shares of common stock for the cashless exercise of \$1.00 warrants.

During the year ended December 31, 2015, the Company issued 230,000 shares to 6 employees and consultants under the Company's 2014 Employee Stock Option Program. During the same time period, the Company granted 540,000 shares to 10 employees and consultants under the Company's 2015 Employee Stock Option Program. As of December 31, 2015, none of the share issuances under the Company's 2015 Employee Stock Option Program had been made and 540,000 shares were recorded as to be issued.

In October 2015, the holder of 50,000 options at \$0.10 per share exercised their right to purchase for \$5,000. These shares were recorded as to be issued as of December 31, 2015.

The Company is currently authorized to issue 21 Series A preferred shares at \$1.00 par value per share with 1:1 conversion and voting rights. As of December 31, 2015, there were no shares of Series A preferred shares issued and outstanding.

The Company is currently authorized to issue 200,000,000 shares of its common stock at \$0.001 par value per share. As of December 31, 2015 and 2014, there were 46,939,965 and 38,909,000 shares of common stock issued and outstanding and 624,000 and 1,048,000 shares of common stock to be issued, respectively.

NOTE 7 STOCK WARRANTS

On March 24, 2014, the Company issued warrants to a third party for the purchase of 4,050,000 and 2,375,000 shares of common stock, at an exercise price of \$0.001 and \$0.40 per share, respectively. The warrants may be exercised any time after issuance through and including the third (3rd) anniversary of its original issuance. The Company recorded an expense of \$555,598 equal to the estimated fair value of the warrants at the date of grants. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 0.75% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 3 years.

On March 24, 2014, in connection to the issuance of convertible debentures of \$269,100 to certain investors, which are convertible into shares of the Company's common stock at \$0.10 per share, the Company granted to the same investors three-year warrants to purchase an aggregate of up to 1,345,500 shares of the Company's common stock at \$0.4 per share. The warrants may be exercised any time after the issuance through and including the third (3rd) anniversary of its original issuance.

On March 24, 2014, in connection to the issuance of 2,059,000 shares of common stock, the Company granted to the same investor three-year warrants to purchase an aggregate of 1,029,500 shares of the Company's common stock at \$0.40 per share. The warrants may be exercised any time after the issuance through and including the third (3rd) anniversary of its original issuance. The warrants have a fair market value of \$66,712. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 0.75% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 3 years. See Note 4 for further discussion.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

From September 2014 to March 31, 2015, in connection to the sale of 1,722,000 shares of common stock, the Company granted to the same investors three-year warrants to purchase an aggregate of 861,000 shares of the Company's common stock at \$1.00 per share. The warrants may be exercised any time after the issuance through and including the third (3rd) anniversary of its original issuance. The warrants have a fair market value of \$ 168,358. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 1% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 3 years. See Note 4 for further discussion.

On February 27, 2015, the Company issued warrants for a nominal amount to purchase 100,000 shares of common stock at \$0.50 per share to certain service providers, valued at \$43,704.

On April 8, 2015, the Company issued warrants to purchase 50,000 shares of common stock at \$0.60 per share to certain service providers, valued at \$51,378.

In July 2015, a shareholder retired 1,000,000 shares of registered common stock in exchange for 1,000,000 warrants exercisable at \$0.001 per share for a period of three (3) years.

On July 30, 2015, the Company issued warrants to purchase 175,000 shares of common stock at \$0.90 per share to certain service providers, valued at \$100,340.

On November 9, 2015, in connection to the sale of 815,500 shares of our common stock, the Company granted to the same investors three-year warrants to purchase an aggregate of 407,475 shares of the Company's common stock at \$3.00 per share. The warrants may be exercised any time after the issuance through and including the third (3rd) anniversary of its original issuance.

In December 2015, MassRoots issued 146,200 three year warrants with an exercise price of \$1.06 to our holders of outstanding warrants issued in conjunction with our September 15, 2014 to March 11, 2015 offering. These warrants were issued in exchange for the holder agreeing to waive certain provisions providing price protection of the warrant received in the September 15, 2014 to March 11, 2015 offering.

During the year ended December 31, 2015, warrants to purchase 1,340,000 shares of common stock at \$0.40 per share were exercised for gross proceeds to the Company of \$536,000. Over the same time period, warrants to purchase 1,086,341 shares of common stock at \$0.001 per share were exercised for gross proceeds to the Company of \$1,086. In October 2015, a shareholder exercised 100,000 warrants to purchase shares of common stock at \$1 per share through the warrant's cashless provision pursuant to which he was issued 41,995 shares of common stock at \$1.00 per share for no gross proceeds to the Company.

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MASSROOTS, INC.
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Stock warrants outstanding and exercisable on December 31, 2015 are as follows:

Warrants Outstanding			Warrants Exercisable	
Exercise Price	Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants	
\$ 0.001	3,963,659	1.6	3,963,659	
0.40	3,415,275	1.3	3,415,275	
0.50	100,000	4.2	100,000	
0.60	50,000	4.4	50,000	
0.90	175,000	4.6	175,000	
1.00	761,000	2.0	761,000	
1.06	146,200	3.0	146,200	
3.00	407,475	2.8	407,475	
	9,018,609	1.70	9,018,609	

A summary of the warrant activity for the years ended December 31, 2015 and 2014 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2014	0	\$ —	—
Grants	9,324,000	\$ 0.26	5.0
Exercised	—	—	—
Canceled	—	—	—
Outstanding at December 31, 2014	9,324,000	\$ 0.26	4.26
Grants	2,220,950	0.11	5.0
Exercised	(2,526,341)	0.25	1.3
Canceled	—	—	—
Outstanding at December 31, 2015	9,018,609	\$ 0.42	2.26
Exercisable at December 31, 2015	9,018,609	\$ 0.42	2.26

The aggregate intrinsic value outstanding stock warrants was \$6,857,509 the total pretax intrinsic value, based on warrants with an exercise price less than the Company's stock price of \$1.10 as of December 31, 2015, which would have been received by the warrant holders had those warrant holders exercised their warrants as of that date.

NOTE 8 EMPLOYEE EQUITY INCENTIVE PLANS

In June 2014, our shareholders approved our 2014 Equity Incentive Plan ("2014 Plan"), which provides for the grant of incentive stock options to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, stock bonus awards, restricted stock awards, performance stock awards and other forms of stock compensation to our employees, including officers, consultants and directors. A total of 4 million shares of common stock are reserved for issuance under our 2014 Plan.

MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

On June 4, 2014, the Company granted options to purchase 750,000 shares at \$0.10 per share to Vincent “Tripp” Keber for his services on the Company’s Board of Directors for 3 years. Under the terms of the grant, 250,000 shares shall begin vesting on October 1, 2014 such that 20,833 shares shall vest on the first of every month except for every three months, when 20,834 shares shall vest. An additional 250,000 shares shall begin vesting the later of: October 1, 2015 or the Company reaching 830,000 users such that 20,833 shares shall vest on the first of every month except for every three months, when 20,834 shares shall vest. An additional 250,000 shares shall vest immediately upon the later of: October 1, 2016 or the Company reaching 1,080,000 users. These options were issued in exchange for his services on the Company’s Board of Directors for 3 years. The options may be exercised any time after the issuance through and including the tenth (10th) anniversary of its original issuance. The options have a fair market value of \$73,836. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 2.61% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 10 years. As of December 31, 2015 the unamortized balance was \$35,064.

On June 4, 2014, the Company granted options to purchase 750,000 shares at \$0.10 per share to Ean Seeb for his services on the Company’s Board of Directors for 3 years. Under the terms of the grant, 250,000 shares shall begin vesting on October 1, 2014 such that 20,833 shares shall vest on the first of every month except for every three months, when 20,834 shares shall vest. An additional 250,000 shares shall begin vesting the later of: October 1, 2015 or the Company reaching 830,000 users such that 20,833 shares shall vest on the first of every month except for every three months, when 20,834 shares shall vest. An additional 250,000 shares shall vest immediately upon the later of: October 1, 2016 or the Company reaching 1,080,000 users. These options were issued in exchange for his services on the Company’s Board of Directors for 3 years. The options may be exercised any time after the issuance through and including the tenth (10th) anniversary of its original issuance. The options have a fair market value of \$73,836. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 2.61% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 10 years. As of December 31, 2015 the unamortized balance was \$35,064.

On June 4, 2014, the Company granted options to purchase 550,000 shares at \$0.10 per share to Sebastian Stant for his services as the Company’s Lead Web Developer for 1 year. Under the terms of the grant, 250,000 shares shall vest immediately upon the Company reaching 250,000 users. An additional 150,000 shares shall vest immediately upon the Company reaching 500,000 users. An additional 150,000 shares shall vest immediately upon the Company reaching 750,000 users. The options were issued in exchange for his services as the Company’s Lead Web Developer for 1 year. The options may be exercised any time after the issuance through and including the tenth (10th) anniversary of its original issuance. The options have a fair market value of \$54,146. The fair market value was calculated using the Black-Scholes options pricing model, assuming approximately 2.61% risk-free interest, 0% dividend yield, 150% volatility, and expected life of 10 years. As of December 31, 2015 the balance was \$0.

On March 9, 2015, Sebastian Stant resigned his position as Lead Developer of MassRoots and surrendered 350,000 options with a strike price of \$0.10 per share back to the 2014 Plan.

From January 1 to March 31, 2015, the Company granted 230,000 shares and options to purchase 1,065,000 shares at \$0.50 per share to 20 employees and consultants of the Company, with most vesting monthly over the course of one year. The fair market value of the options are \$523,991.

On April 8, 2015, the Company granted options to purchase 105,000 shares at \$0.60 per share to 3 employees and consultants of the Company, with most vesting monthly over the course of one year. The fair market value of the options are \$114,143.

MASSROOTS, INC.
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For the year ended December 31, 2015 and 2014

In December 2015, our shareholders approved our 2015 Equity Incentive Plan (“2015 Plan”), which provides for the grant of incentive stock options to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, stock bonus awards, restricted stock awards, performance stock awards and other forms of stock compensation to our employees, including officers, consultants and directors. A total of 4.5 million shares of common stock are reserved for issuance under our 2015 Plan.

On December 10, 2015, the Company granted options to purchase 1,955,000 shares at \$0.90 per share to 28 employees and consultants of the Company under the 2015 Plan, with most vesting monthly over the course of one year. The fair market value of the options is \$1,759,500 .

On December 14, 2015, the Company granted options to purchase 800,000 shares at \$1.00 per share to Daniel Hunt, our Chief Operating Officer, under the 2015 Plan, with 200,000 shares vesting upon the completion of each milestone: the Company reaching 1,000,000 registered users, the Company reaching 2,500,000 registered users, the Company reaching \$1,000,000 in revenue since inception, and the Company reaching \$2,500,000 in revenue since inception. The fair market value of the options is \$800,00.

In October 2015, a holder of 50,000 options at \$0.10 per share exercised their right to purchase for \$5,000. These shares were recorded as to be issued as of December 31, 2015.

No other stock options have been issued or exercised during the year ended December 31, 2015.

The following table presents information related to stock options at December 31, 2015:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	
\$ 0.10	1,500,000	8.6	500,000	
0.50	1,065,000	9.0	964,981	
0.60	105,000	9.3	67,940	
0.90	1,955,000	9.9	585,000	
1.00	800,000	9.9	0	
	5,425,000	9.3	2,117,921	

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

A summary of the stock option activity and related information for the 2015 Plan for the years ended December 31, 2015 and 2014 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2014	0	\$ —	—
Grants	2,050,000	0.1	9.6
Exercised	—	—	—
Canceled	—	\$ —	—
Outstanding at December 31, 2014	2,050,000	\$ 0.1	9.6
Grants	3,925,000	0.80	9.9
Exercised	(250,000)	0.1	9.3
Canceled	(300,000)	0.1	8.6
Outstanding at December 31, 2015	5,425,000	\$ 0.59	9.3
Exercisable at December 31, 2015	2,117,921	\$ 0.52	9.1

The aggregate intrinsic value of outstanding stock options was \$6,044,500, based on options with an exercise price less than the Company's stock price of \$1.10 as of December 31, 2015, which would have been received by the option holders had those option holders exercised their options as of that date.

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices of comparable entities until sufficient data exists to estimate the volatility using the Company's own historical stock prices. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees.

The fair value of the granted options for the year ended December 31, 2015 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	0%
Volatility	119.43% to 129.88%
Risk free rate:	0.48% to 2.53 %
Expected life:	7 to 10 years
Estimated fair value of the Company's common stock	\$ 2.21 to \$2.50
Estimated forfeiture rate	0%

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating leases

On April 14, 2015, the Company completed the relocation of its headquarters to 1624 Market Street, Suite 201, Denver, CO 80202 which we leased on March 20, 2015 pursuant to a lease agreement with RVOF Market Center, LLC ("201 Lease"). Under the 201 Lease, we agreed to rent 3,552 square feet of office space at that location for a term of 37 months, under which the Company will pay a base rate of \$0 for the first month, \$8,288 for months two through 13, \$8,584 for the months 14 through 25, and \$8,880 for the months 26 through 37. We did not incur a significant cost related to the move to this location.

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MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

The Company amended this lease in January 2016 to include Suite 203, also located at 1624 Market Street in Denver, CO 80202, which allows us to expand our headquarters by an additional 1,508 square feet of office space. For this expansion (and in addition to the rent paid under the 201 Lease), we will pay \$0 until May 30, 2016, \$3,644 for each month from June 1, 2016 to May 30, 2017, \$3,770 for each month from June 1, 2017 to May 30, 2018, and \$3,896 for each month from June 1, 2018 to November 30, 2018.

Future minimum lease payments under these two agreements are as follows:

Year Ending December 31,		
2016	\$	127,032
2017		149,395
2018		139,904
	\$	416,338

Rent expense charged to operations, which differs from rent paid due to rent credits and to increasing amounts of base rent, is calculated by allocating total rental payments on a straight-line basis over the term of the lease. During the years ended December 31, 2015 and 2014, rent expense was \$64,438 and \$14,699, respectively and as of December 31, 2015 and 2014

NOTE 10 INCOME TAXES

At December 31, 2015, the Company has available for federal income tax purposes a net operating loss carry forward of approximately \$6 million, expiring in the year 2035, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized. Due to possible significant changes in the Company's ownership, the future use of its existing net operating losses may be limited. All or portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits. During the year ended December 31, 2015, the Company has increased the valuation allowance from \$1,024,000 to \$2,374,000.

We have adopted the provisions of ASC 740-10-25, which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10-25 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities.

Tax position that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company had no tax positions relating to open income tax returns that were considered to be uncertain.

The Company's deferred taxes as of December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Non-Current deferred tax asset:		
Net operating loss carry-forwards	\$ 2,374,000	\$ 1,024,000
Valuation allowance	(2,374,000)	(1,024,000)
Net non-current deferred tax asset	\$ —	\$ —

MASSROOTS, INC.
Notes to Financial Statement
For the year ended December 31, 2015 and 2014

NOTE 11 SUBSEQUENT EVENTS

From January 1 to March 30, 2016, the Company issued 574,000 of the 624,000 shares to be issued as of December 31, 2015. Over the same time period, the Company issued 135,000 shares for services to be rendered in 2016, 7,500 shares for warrant exercises in 2016, and 10,000 shares for option exercises in 2016.

In February 2016, MassRoots issued to a service provider a 12 month convertible debentures at 15% interest with a principal amount of \$35,000 along with 35,000 3-year warrants to purchase shares common stock at \$1.00 per share. The convertible debentures are payable at maturity, and convertible at the investor's determination at a price equal to 90% of the price of a subsequent public underwritten offering if one occurs over \$5 million, or, if no subsequent offering occurs, at \$0.75 per share.

On March 24, 2016, the Company entered into an agreement with Santino Walter Productions, LLC ("SWP") in which the Company purchased a Senior Secured Promissory Note ("Note") with a principle amount of \$156,000 for a purchase price of \$130,000. The funds are solely to be used by SWP for costs related to the Denver Annual 420 Rally ("420 Rally"). The Note matures in 60 days and is secured against all assets of SWP. The Company also entered into License and Letter Agreements with SWP pursuant to which MassRoots will earn a 50% licensing fee on all ticket sales and sponsorship sales, along with 15% of all booth sales, of the 420 Rally. MassRoots is obligated to provide the ticketing system and cover all activation costs related to the tickets. The first \$130,000 in revenue received related to the 420 Rally will to be used to cover the remaining costs of talent for the event; the next \$156,000 in revenue will be used to repay the Note. All proceeds from ticket sales and sponsorships will be held by MassRoots initially; after payment of the Note, and all fees earned by MassRoots under the agreement, the remaining proceeds will then be distributed to SWP. All talent booked by SWP for the 420 Rally will be required to create a MassRoots profile, which can be waived at the Company's sole discretion. The Company also retains the right to participate in a materially similar transaction related to the 420 Rally every year through 2020.

On March 17, 2016, the Company sold to investors six (6) month secured convertible original issue discount notes with principal amount in the aggregate of \$1,514,667, together with five year warrants to purchase an amount of shares of the Company's common stock equal to the number of shares of common stock issuable upon the conversion of the notes in full and having an exercise price of \$1.00 per share. If the Company exercises its right to prepay the note, the Company shall make payment to the investor of an amount in cash equal to the sum of the then outstanding principal amount of the note that it desires to prepay, multiplied by (a) 1.2, during the first ninety (90) days after the execution of this Note, or (b) 1.35, at any point thereafter. The notes are convertible into shares of the Company's common stock at a price per share equal to the lower of (i) one dollar (\$1.00), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the note; provided, however, if any part of the principal amount of the note remains unpaid at its maturity date, the conversion price will be equal to 65% of the average of the three trading days with the lowest daily weighted average prices of the Company's common stock occurring during the fifteen days prior to the notes' maturity date. The notes require that any net proceeds received subsequent offerings made by the Company first be used to repay the notes' outstanding principal amount. If the note is not repaid by the maturity date, the investors will receive, in aggregate, but calculated pro rata to the principal amounts remaining outstanding at the time of maturity, up to five hundred thousand (500,000) shares of the Company's common stock. Gross proceeds received by the Company for the notes and warrants in this Offering was \$1,420,000, while net proceeds were \$1,271,600 (excluding any legal fees).

On March 7, 2016, the Company entered into an agreement with all holders of the Company's debentures issued in its March 2014 Offering to extend the maturity date to March 24, 2018.

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This prospectus is part of a Registration Statement we filed with the SEC. You should rely only on the information or representations contained in this prospectus. We have not authorized anyone to provide information other than that provided in this prospectus. We are not making an offer of these securities in any jurisdiction or state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

MassRoots

The Technology Platform for the Cannabis Industry

[] Shares of Common Stock and

Warrants to Purchase up to [] Shares of Common Stock

PROSPECTUS

Chardan Capital Markets, LLC

[], 2015

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Until and including [] , 2016 ([] days after the date of this prospectus), all dealers that buy, sell or trade shares of our Securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II – INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth expenses (estimated except for the NASDAQ Listing Fee, SEC registration fees and FINRA notice fee) in connection with the offering described in the Registration Statement:

SEC registration fees	\$	654.55
FINRA Notice Fees	\$	5,000
Legal fees and expenses	\$	30,000
Accountants fees and expenses	\$	2,500
NASDAQ Listing Fee	\$	75,000
Miscellaneous	\$	7,500
TOTAL	\$	120,655

Item 14. Indemnification of Directors and Officers.

The Amended and Restated Certificate of Incorporation of the Company provides that:

- The Company shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "Indemnified Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.
- The Company shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article or otherwise.
- If a claim for indemnification or advancement of expenses under this Article is not paid in full within thirty (30) days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Any indemnification as outlined above is not exclusive of any other rights to indemnification afforded by Delaware law.

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Item 15. Recent Sales of Unregistered Securities.

Each of the below transactions were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 promulgated under the Securities Act, Section 4(a)(2) of the Securities Act or Regulation D promulgated under the Securities Act.

Since the Company's inception on April 26, 2013 through March 30, 2014, the Company issued and/or sold the following unregistered securities:

- On April 26, 2013, the Company approved the issuance of 15.25 shares of common stock (4,646,136 shares post-Exchange, as defined herein) to the Company's CEO and Chairman, Isaac Dietrich, to repay \$17,053 short term borrowing from him and for services provided. In addition, 42.81 stock options were issued as part of the employment agreement with the Mr. Dietrich. The stock option allows Mr. Dietrich to purchase 42.81 shares of the Company's common stock (13,042,695 shares post-Exchange) at \$1.00 per share per each individual option. The options will vest through January 1, 2017. Each option issued contained an acceleration clause which was triggered upon the closure of the financing on January 1, 2014 that caused all options to vest immediately. On January 1, 2014, Mr. Dietrich exercised all options held at that time.
- On April 26, 2013, the Company approved the issuance of 3.75 shares of common stock (1,142,493 shares post-Exchange) to the Company's Chief Operations Officer, Hylar Fortier, in exchange for her services. 11.25 stock options were also issued as part of the employment agreement with Ms. Fortier. The stock options allow Ms. Fortier to purchase 11.25 shares of the Company's common stock (3,427,478 shares post-Exchange) at \$1.00 per share per each individual option. The options will vest through January 1, 2017. Each option issued contained an acceleration clause which was triggered upon the closure of the financing on January 1, 2014 that caused all options to vest immediately. On January 1, 2014, Ms. Fortier exercised all options held at that time.
- On April 26, 2013, the Company approved the issuance of 3.00 shares of common stock (913,994 shares post-Exchange) to the Company's Chief Technology Officer, Stewart Fortier, in exchange for his services. 9.0 stock options were issued as part of the employment agreement with Mr. Fortier. The stock options allow Mr. Fortier to purchase 9.0 shares of the Company's common stock (2,741,982 shares post-Exchange) at \$1.00 per share per each individual option. The options will vest through January 1, 2017. Each option issued contained an acceleration clause which was triggered upon the closure of the financing on January 1, 2014 that caused all options to vest immediately. On January 1, 2014, Mr. Fortier exercised all options held at that time.
- On April 26, 2013, the Company approved the issuance of 3.00 shares of common stock (913,994 shares post-Exchange) to Tyler Knight in exchange for his services. 9.0 stock options were also issued as part of the employment agreement with Mr. Knight. The stock options allow Tyler Knight to purchase 9.0 shares of the Company's common stock (2,741,982 shares post-Exchange) at \$1.00 per share per each individual option. The options will vest through January 1, 2017. Each option issued contained an acceleration clause which was triggered upon the closure of the financing on January 1, 2014 that caused all options to vest immediately. On January 1, 2014, Mr. Knight exercised all options held at that time.
- On October 7, 2013, the Company entered into an agreement to issue as compensation for services provided a total of 2.94 Series A Preferred shares (895,715 common shares post-Exchange) with a market value of \$24,998 to Douglas Leighton for financial consulting services. These shares were issued on January 1, 2014.
- On October 7, 2013, we entered into agreements to issue 5.88, 5.88, and 5.89 Series A Preferred Shares (1,791,428, 1,791,428, and 1,794,475 common shares post-Exchange) to Bass Point Capital, LLC, WM18 Finance LTD, and Rother Investments, LLC, respectively, in exchange for \$50,000 capital investments from each. These shares were subsequently issued on the closing date of January 1, 2014. On March 18, 2014, as part of a Plan of Reorganization, (i) all preferred shareholders converted their shares of stock into common stock as is outlined in our certificate of incorporation; (ii) the Company's certificate of incorporation was amended to allow for the issuance of 200,000,000 shares of our common stock, (iii) the

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Company's current shareholders exchanged their shares of our common stock for the pro-rata percentage of 36,000,000 shares of our common stock (the "Exchange").

From March 18, 2014 through March 30, 2016, the Company issued and/or sold the following unregistered securities:

- On March 18, 2014, as payment for consulting services, we granted Dutchess Opportunity Fund, II LP a warrant exercisable into 4,050,000 shares of our common stock at \$0.001 per share, and a warrant exercisable into 2,375,000 shares of our common stock at \$0.40 per share.
- On March 24, 2014, we completed an offering of \$475,000 of our securities to certain accredited and non-accredited investors consisting of (i) \$269,100 of convertible debentures, convertible into shares of the Company's common stock at \$0.10 per share, together with warrants, exercisable into an amount of our common stock equal to fifty percent (50%) of the common stock underlying the convertible debentures, at \$0.40 per share; and (ii) 2,059,000 shares of our common stock at \$0.10 per share, with a warrant, exercisable into an amount of our common stock equal to fifty percent (50%) of the common stock purchased, at \$0.40 per share.
- On June 6, 2014, each of Ean Seeb, Tripp Keber, and Sebastian Stant received a stock award of 250,000 shares of our common stock, while Jesus Quintero received a stock award of 100,000 shares of our common stock as compensation for their service. These awards, along with all the then outstanding shares were included in our resale registration statement on Form S-1 that originally went effective on September 15, 2014 ("2014 Registration Statement"). The securities in the transactions set out below were not covered by the 2014 Registration Statement:
- Each of Ean Seeb, Tripp Keber, and Sebastian Stant also received 750,000, 750,000, and 550,000 options, respectively, to purchase shares of our common stock pursuant to our 2014 Equity Incentive Plan.
- On March 3, 2015, Chardan Capital Market, LLC and the Special Equities Group, LLC, received 40,000 and 160,000 shares, respectfully, for Chardan's investment banking services.
- From September 15, 2014 to March 11, 2015, we completed an offering of \$866,000 of our securities to certain accredited and non-accredited investors consisting of 1,732,000 shares of our common stock at \$0.50 per share, along with warrants to purchase 866,000 shares at \$1 per share.
- From April 1, 2015 through April 17, 2015, MassRoots, Inc. completed an offering of 960,933 shares of the Company's common stock to certain accredited and unaccredited investors, pursuant to which, the Company received gross proceeds of \$576,200. The Company terminated this offering as of April 17, 2015. The Company compensated Chardan Capital Markets, LLC \$20,000 cash and 262,560 shares of common stock as commission for this placement.
- On February 27, 2015, certain service providers purchased warrants permitting the purchase of 100,000 shares at \$0.50 per share.
- From January 1 to April 8, 2015, the Company granted 1,080,000 shares and options to purchase 1,065,000 shares at \$0.50 per share to 20 employees and consultants of the Company pursuant to the 2014 Plan.
- On April 28, 2015, the Company entered into a consulting agreement with Torrey Hills Capital, under which, Torrey Hills Capital received 75,000 shares of the Company's common stock.
- On May 12, 2015, the Company entered into a consulting agreement with Caro Capital, under which Caro Capital, as compensation for services provided, will receive 200,000 shares of Company's common stock in exchange for \$200.
- From June 10, 2015 through July 13, 2015, MassRoots sold 1,540,673 shares of unregistered common stock to certain accredited investors for gross proceeds of \$1,140,502. In connection with this offering, Chardan Capital Markets, LLC received \$27,200 in cash and 80,560 shares of the Company's common stock as commission for this placement.
- On June 15, 2015, the Company entered into a consulting agreement with Demeter Capital, under which Demeter Capital, as compensation for services provided, will receive 100,000 shares of the Company's common stock in exchange for \$100.
- On July 30, 2015, MassRoots entered into consulting agreements with each of Shmuel Tennenhaus and Daniel Mohler to provide advisory services to the Company. As part of the agreements, Mr. Tennenhaus and Mr. Mohler received warrants to purchase 125,000 and 50,000 shares of common stock, respectively, at \$0.90 per share.

- Under the 2014 and 2015 Plans, from June 2014 to March 30, 2016, the Company issued 1,895,000 shares of common stock and 6,697,500 options to purchase common stock (amounts are stated disregarding any vesting provisions in the applicable agreements).
- In December 2015, MassRoots issued 146,200 three year warrants with an exercise price of \$1.06 to our holders of outstanding warrants issued in conjunction with our September 15, 2014 to March 11, 2015 offering. These warrants were issued in exchange for the holder agreeing to waive certain adjustment provisions of the warrant received in the September 15, 2014 to March 11, 2015 offering.
- In January 2016, the Company issued warrants to purchase an aggregate of 100,000 shares of common stock at \$0.83 per share to certain service providers.
- In February 2016, MassRoots issued to a service provider a 12 month convertible debentures at 15% interest with a principal amount of \$35,000 along with 35,000 3-year warrants to purchase shares common stock at \$1.00 per share. The convertible debentures are payable at maturity, and convertible at the investor's determination at a price equal to 90% of the price of a subsequent public underwritten offering if one occurs over \$5 million, or, if no subsequent offering occurs, at \$0.75 per share.
- In March 2016, MassRoots completed a private offering to certain accredited investors of six (6) month secured convertible notes with a principal amount of \$1,514,667 (the "Bridge Notes") together with five year warrants to purchase an amount of shares of the Company's common stock equal to the number of shares of common stock issuable upon the conversion of the notes in full and having an exercise price of \$1.00 per share. The Bridge Notes are secured by all the assets of the Company, and each of the executive officers of the Company entered into a lock-up agreement whereby they agreed to not sell or offer any shares of the Company's common stock owned by them until the Bridge Notes are fully repaid, redeemed or converted. The Bridge Notes may be convertible into shares of the Company's common stock at a price per share equal to the lower of (i) one dollar (\$1.00), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the note; provided, however, if any part of the principal amount of the note remains unpaid at its maturity date, the conversion price would be equal to 65% of the average of the three trading days with the lowest daily weighted average prices of the Company's common stock occurring during the fifteen days prior to the notes' maturity date. Gross proceeds received by MassRoots in this offering was \$1,420,000, while net proceeds were \$1,271,600 (excluding any legal fees). In connection with this offering, Chardan Capital Markets, LLC received \$123,400 in cash as commission for this placement.

Except as noted, none of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Registrant believes each transaction was exempt from the registration requirements of the Securities Act as stated above. All recipients of the foregoing transactions either received adequate information about the Registrant or had access, through their relationships with the Registrant, to such information. Furthermore, the Registrant affixed appropriate legends to the share certificates and instruments issued in each foregoing transaction setting forth that the securities had not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and Financial Statement Schedules.

The following exhibits are filed with this registration statement:

No.	Description
1.1	Underwriting Agreement with Chardan Capital Markets, LLC++
2.1	Plan of Reorganization, dated March 18, 2014. (incorporated by reference to Exhibit 2.1 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
3.2	Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
3.3	Bylaws of the Company (incorporated by reference to Exhibit 3.3 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
5.1	Form of Opinion of Thompson Hine LLP regarding the legality of the securities being registered+
10.1	Amended Employment Agreement by and between the Company and Isaac Dietrich (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on March 31, 2015)
10.2	Amended Employment Agreement between the Company and Daniel Hunt (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 19, 2015)
10.3	Employment Agreement by and between the Company and Stewart Fortier, dated April 1, 2014 (incorporated by reference to Exhibit 10.3 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
10.4	Lease by and between the Company and RVOF Market Center LLC (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on March 31, 2015)
10.5	First Amendment to Lease by and between the Company and RVOF Market Center LLC, dated 12/11/2015 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 30, 2016)
10.6	Subscription Agreement dated May 26, 2015, between MassRoots and Flowhub (incorporated by reference to Exhibit 10.1 to the Company's Current Report Form 8-K filed on May 28, 2015)
10.7	2014 Stock Incentive Plan and forms of stock option agreement and stock award agreement thereunder (incorporated by reference to Exhibit 10.12 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
10.8	Consulting Agreement, dated May 1, 2015, by and between Jesus Quintero and the Company (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2015)
10.9	Consulting Agreement between MassRoots and Demeter Capital, dated June 15, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on July 22, 2015)
10.10	Investment Banking Agreement between Chardan and the Company, dated September 24, 2015 (incorporated by reference to Exhibit 10.16 filed together with the Company's Amendment No. 1 to its Registration Statement on Form S-1 on October 7, 2015)
10.11	Employment Agreement between the Company and Jesus Quintero (incorporated by reference to Exhibit 10.22 filed together with the Company's Amendment No. 1 to the Registration Statement on Form S-1 on October 7, 2015)
10.12	2015 Stock Incentive Plan and forms of stock option agreement and stock award agreement thereunder (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed on March 30, 2016)
10.13	Form of Security Agreement Related to Convertible Debentures from the March 2014 Offering (incorporated by reference to Exhibit 10.9 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)
10.14	Form of Subscription Agreement from the March 2014 Offering (incorporated by reference to Exhibit 10.10 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014.)

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10.15	Form of Warrant issued for consulting services from March 2014 Offering at \$0.40 per share (incorporated by reference to Exhibit 4.5 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.16	Form of Warrant issued for consulting services from March 2014 Offering at \$0.001 per share (incorporated by reference to Exhibit 4.6 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.17	Form of Warrant issued together with Convertible Debentures from March 2014 Offering at \$0.40 per share (incorporated by reference to Exhibit 4.4 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.18	Form of Convertible Debenture Agreement Issued in March 2014 Offering (incorporated by reference to Exhibit 4.4 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.19	Form of Debenture Registration Rights Agreement related to March 2014 Offering (incorporated by reference to Exhibit 10.11 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.20	Form of Warrant issued with Subscription Agreement from March 2014 Offering at \$0.40 per share (incorporated by reference to Exhibit 4.2 filed together with the Company's Registration Statement on Form S-1 on June 13, 2014)
10.21	Form of Subscription Agreement from September 15, 2014 to March 11, 2015 Private Placement (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed on March 30, 2016)
10.22	Form of Warrant issued with Subscription Agreement in September 15, 2014 to March 11, 2015 Private Placement at \$1.00 per share (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed on March 30, 2016)
10.23	Form of Subscription Agreement from April 1, 2015 through April 17, 2015 Private Placement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 17, 2015)
10.24	Form of Subscription Agreement from June 10, 2015 through July 13, 2015 Private Placement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 14, 2015)
10.25	Form of Service Provider Warrant+
10.26	Form of Subscription Agreement for the Registered Offering Occurring in November 2015 (incorporated by reference to Exhibit 4.2 filed together with the Company's Amendment No. 1 to the Registration Statement on Form S-1 on October 7, 2015)
10.27	Form of Warrant for the Registered Offering Occurring in November 2015(incorporated by reference to Exhibit 4.3 filed together with the Company's Amendment No. 1 to the Registration Statement on Form S-1 on October 7, 2015)
10.28	Form of Convertible Debenture in March 2016 Offering (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 18, 2016)
10.29	Form of Warrant in March 2016 Offering (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 18, 2016)
10.30	Form of Warrant for the Offering++
10.31	Form of Underwriter's Warrant++
10.32	Engagement Letter with Chardan Capital Markets, LLC dated March 29, 2016+
14.1	Code of Ethics of the Company (incorporated by reference to Exhibit 14.1 to the Company's Annual Report on Form 10-K filed on March 31, 2015)
23.1	Consent of N.K.A. L&L CPAs, PA, formally known as Bongiovanni & Associates, P.A.+
23.2	Consent of Liggett & Webb, PA +
23.3	Consent of Thompson Hine, LLP (included in Exhibit 5.1)
99.1	Charter of the Audit Committee (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 14, 2015)
99.2	Charter of the Compensation Committee (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 14, 2015)
99.3	Charter of the Nominating/Corporate Governance Committee (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 14, 2015)

+ Filed hereby with this Registration Statement.

++ To be filed by subsequent amendment.

XBRL Exhibits will be filed by subsequent amendment.

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Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
 - iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
- (5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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

(c) The undersigned Registrant hereby undertakes that it will:

- (1) for determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1), or (4) or 497(h) under the Securities Act as part of this registration statement as of the time the Commission declared it effective.
- (2) for determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on April 11, 2016.

MASSROOTS, INC.

By: /s/ Isaac Dietrich
Isaac Dietrich
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
<u>/s/ Isaac Dietrich</u> Isaac Dietrich	Principal Executive Officer and Chairman of the Board of Directors	April 11, 2016
<u>/s/ Vincent "Tripp" Keber</u> Vincent "Tripp" Keber	Director	April 11, 2016
<u>/s/ Terence Fitch</u> Terence Fitch	Director	April 11, 2016
<u>/s/ Stewart Fortier</u> Stewart Fortier	Director, Chief Technology Officer	April 11, 2016
<u>/s/ Ean Seeb</u> Ean Seeb	Director	April 11, 2016
<u>/s/ Jesus Quintero</u> Jesus Quintero	Chief Financial Officer and Chief Accounting Officer	April 11, 2016

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WARRANT

THESE SECURITIES AND THE SECURITIES ISSUABLE UPON THEIR EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " SECURITIES ACT "), AND MAY NOT BE TRANSFERRED UNLESS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, A "NO-ACTION" LETTER FROM THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE " COMMISSION " OR THE " SEC ") WITH RESPECT TO SUCH TRANSFER, A TRANSFER MEETING THE REQUIREMENTS OF RULE 144 OF THE COMMISSION, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY SUCH TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

MassRoots, Inc.

WARRANT NO. () 201_ 1-__

Dated: []

MassRoots, Inc., a corporation organized under the laws of the State of Delaware (the " Company "), hereby certifies that, for value received from [], a Washington resident (the " Holder "), is entitled, subject to the terms set forth below, to purchase from the Company up to a total of [] shares of the common stock, \$0.001 par value per share (the " Common Stock "), of the Company (the " Warrant Shares "), at an exercise price equal to [] (\$[]) per share (the " Exercise Price "). This Warrant may be exercised any time after issuance through and including the fifth (5th) anniversary of its original issuance as noted above (the " Expiration Date "), subject to the following terms and conditions:

1. Registration of Warrant. The Company shall, from time to time and whenever requested by the Holder, register this Warrant in conformity with records to be maintained by the Company for such purpose (the " Warrant Register ") in the name of the Holder. The Company shall treat the registered Holder of this Warrant as the absolute owner hereof for any and all purposes, including the exercise hereof or any distribution to the Holder, and the Company shall not be affected by notice to the contrary.

2. Registration of Transfers and Exchanges.

(a) The Company or the transfer agent shall enter or record the transfer of all or any portion of this Warrant in the Warrant Register, upon surrender of this Warrant to the Company at the office specified herein or pursuant to Section 11 hereof. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant hereinafter referred to as a " New Warrant "), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance of such transferee of all of the rights and obligations of a holder of a Warrant.

(b) This Warrant is exchangeable, upon the surrender hereof by the Holder to the office of the Company specified herein or pursuant to Section 3(b) hereof for one or more New Warrants, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder. Any such New Warrant shall be dated as of the date of such exchange.

3. Duration and Exercise of Warrants .

(a) This Warrant shall be exercisable by the registered Holder on any business day before 5:00 P.M., Boston time, at any time and from time to time on or after the date hereof to and including the Expiration Date. At 5:00 P.M., Boston time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value. Prior to the Expiration Date, the Company may not call or otherwise redeem this Warrant without the prior written consent of the Holder, which consent shall be given or withheld at the sole and absolute discretion of the Holder.

(b) Subject to Section 2(b), Section 6 and Section 10 hereof, upon: (x) surrender of this Warrant, together with the Form of Election to Purchase attached hereto duly completed and signed, to the Company at its address for notice set forth in Section 11 hereof; and (y) payment of the Exercise Price multiplied by the number of Warrant Shares that the Holder intends to purchase hereunder, in the manner provided hereunder, all as specified by the Holder in the Form of Election to Purchase, the Company shall promptly (but in no event later than five (5) business days after the Date of Exercise (as defined below)) issue or cause to be issued and cause to be delivered to the Holder in such name(s) as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise and free of restrictive legends unless (i) a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective or the Warrant Shares are not freely transferable without volume restrictions pursuant to Rule 144(k) promulgated under the Securities Act then the Warrant Shares will bear a Securities Act restrictive legend, or (ii) this Warrant shall have been issued pursuant to a written agreement between the original Holder and the Company, as required by such agreement. Any person so designated by the Holder to receive Warrant Shares shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise of this Warrant. A “ Date of Exercise ” means the date on which the Company shall have received (I) this Warrant (or any New Warrant, as applicable), together with the Form of Election to Purchase attached hereto (or attached to such New Warrant) appropriately completed and duly signed; and (II) payment of the Exercise Price for the number of Warrant Shares so indicated by the holder hereof to be purchased.

(c) This Warrant shall be exercisable in its entirety or, from time to time, for a portion of the number of Warrant Shares. If less than all of the Warrant Shares which may be purchased under this Warrant are exercised at any time, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares for which no exercise has been evidenced by this Warrant. In the event the Common Stock representing the Warrant Shares is not delivered per the written instructions of the Holder within ten (10) business days after the Notice of Election and Warrant is received by the Company (the “Delivery Date”), then the Company shall pay to Holder in cash two percent (2.0%) of the dollar value of the Warrant Shares to be issued for the first day after the Delivery Date that the Warrant Shares are not delivered, and an additional two percent (2.0%) of the dollar value of the Warrant Shares to be issued after the Delivery Date for every thirty (30) days thereafter that the Warrant Shares are not delivered. The Company acknowledges that its failure to deliver the Warrant Shares by the Delivery Date will cause the Holder to suffer damages in an amount that will be difficult to ascertain. Accordingly, the parties hereto agree that it is appropriate to include in this Warrant this provision for liquidated damages. The parties hereto acknowledge and agree that the liquidated damages provision set forth in this section represents the parties’ good faith effort to quantify such damages and therefore agree that the form and amount of such liquidated damages are reasonable and will not constitute a penalty. Notwithstanding the foregoing, the payment of liquidated damages shall not relieve the Company from its obligations to deliver the Common Stock pursuant to the terms of this Warrant. The Company shall make any payments incurred under this Section 3 in immediately available funds within ten (10) business days from the date of issuance of the applicable Warrant Shares. Nothing herein shall limit Holder’s right to pursue actual damages or cancel the Notice of Election for the Company’s failure to issue and deliver Common Stock to the Holder within ten (10) business days following the Delivery Date.

4. Payment of Taxes. Upon the exercise of this Warrant, the Company will pay all documentary stamp taxes attributable to the issuance of Warrant Shares; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

5. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and indemnity, if requested, satisfactory to it. Applicants for a New Warrant under such circumstances shall comply with such other reasonable regulations and procedures and pay such other reasonable charges as the Company may prescribe.

6. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder (taking into account the adjustments and restrictions of Section 8 hereof). The Company covenants that all Warrant Shares that shall be so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. If the Company does not have a sufficient amount of Common Stock authorized to reserve for the Warrant Shares, it shall, as soon as reasonably practicable, use its best efforts to increase the number of its authorized shares such that the Company will have a sufficient amount of Common Stock authorized to reserve for the Warrant Shares.

7. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 8. Upon each such adjustment of the Exercise Price pursuant to this Section 8, the Holder shall thereafter but prior to the Expiration Date be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of Warrant Shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(a) An adjustment shall be made, if the Company, at any time while this Warrant is outstanding (i) pays a stock dividend (except scheduled dividends paid on outstanding preferred stock as of the date hereof which contain a stated dividend rate) or otherwise make distribution(s) on shares of its Common Stock or on any other class of capital stock and not the Common Stock payable in shares of Common Stock; (ii) subdivides outstanding shares of Common Stock into a larger number of shares; or (iii) combines outstanding shares of Common Stock into a smaller number of shares. If either (i), (ii) or (iii) above occurs, the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding before such event and of which the denominator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination, and shall apply to successive subdivisions and combinations.

(b) In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another entity, the sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property equal to the amount of Warrant Shares such Holder would have been entitled to had such Holder exercised this Warrant immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this Section 8(b) upon any exercise following any such reclassification, consolidation, merger, sale, transfer or share exchange.

(c) Omitted

(d) Omitted

(e) For the purposes of this Section 8, the following clauses shall also be applicable:

(i) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or in securities convertible or exchangeable into shares of Common Stock, or (B) to subscribe for or purchase Common Stock or securities convertible or exchangeable into shares of Common Stock, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(ii) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(f) All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

(g) Whenever the Exercise Price is adjusted pursuant to Section 8(c) hereof, the Holder, after receipt of the determination by the Appraiser, shall have the right to select an additional appraiser (which shall be a nationally recognized accounting firm), in which case the adjustment shall be equal to the average of the adjustments recommended by each of the Appraiser and such additional appraiser appointed under this Section 8(g). The Holder shall promptly mail or cause to be mailed to the Company, a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Such adjustment shall become effective immediately after the record date mentioned above, if:

(i) the Company shall declare a dividend (or any other distribution) on its Common Stock;

(ii) the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock;

(iii) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights;

(iv) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or

(v) the Company shall authorize the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall cause to be mailed to the Holder at their last addresses as they shall appear upon the Warrant Register, at least thirty (30) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

8. Payment of Exercise Price. The Holder, at its sole election, may pay the Exercise Price in one of the following manners:

(a) Cash Exercise. The Holder shall deliver immediately available funds; or

(b) Cashless Exercise. This Warrant may also be exercised at such time by means of a cashless exercise. In such event, the Holder shall surrender this Warrant to the Company, together with a notice of cashless exercise, and the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y (A-B)/A$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised.

A = the average closing bid price of the Common Stock for the five (5) trading days immediately prior to the Date of Exercise.

B = the Exercise Price.

For purposes of Rule 144 of the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have been commenced, on the issue date.

(c) Notwithstanding anything in this Warrant to the contrary, the Holder is limited in the amount of this Warrant it may exercise. In no event shall the Holder be entitled to exercise any amount of this Warrant in excess of that amount upon exercise of which the sum of (1) the number of shares of Common Stock beneficially owned (as such term is defined under Section 13(d) and Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) by the Holder, and (2) the number of Warrant Shares issuable upon the exercise of any Warrants then owned by Holder, would result in beneficial ownership by the Holder of more than four and ninety-nine one hundredths percent (4.99%) of the outstanding shares of Common Stock of the Company, as determined in accordance with Rule 13d-1(j) of the Exchange Act. Furthermore, the Company shall not process any exercise that would result in beneficial ownership by the Holder of more than four and ninety-nine one hundredths percent (4.99%) of the outstanding shares of Common Stock of the Company.

9. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares which shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 10, be issuable on the exercise of this Warrant, the Company shall pay an amount in cash equal to the Exercise Price multiplied by such fraction.

10. Notices. Any and all notices or other communications or deliveries hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:00 p.m. Boston time on a business day, (ii) the business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:00 p.m. Boston time on any date and earlier than 11:59 p.m. Boston time on such date, (iii) the business day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be:

If to the Company:

MassRoots, Inc.
1624 Market St, Ste 201
Denver, CO 80202

If to the Holder:

□

11. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders services business shall be a successor warrant agent under this Warrant without any further action. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

12. Miscellaneous.

(a) This Warrant shall be binding on and inure to the benefit of the parties hereto. This Warrant may be amended only in writing signed by the Company and the Holder.

(b) Nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Holder any legal or equitable right, remedy or cause under this Warrant. This Warrant shall inure to the sole and exclusive benefit of the Company and the Holder.

(c) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(d) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

(e) The Company hereby represent and warrants to the Holder that: (i) it is voluntarily issuing this Warrant of its own freewill, (ii) it is not issuing this Warrant under economic duress, (iii) the terms of this Warrant are reasonable and fair to the Company, and (iv) the Company has had independent legal counsel of its own choosing review this Warrant, advise the Company with respect to this Warrant, and represent the Company in connection with its issuance of this Warrant.

(f) Any capitalized term used but not defined in this Warrant shall have the meaning ascribed to it in the Subscription Agreement, of even date herewith, by and between the Company and the Holder.

(g) This Warrant may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Warrant. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(h) This Warrant and the obligations of the Company hereunder shall not be assignable by the Company.

(i) Notwithstanding anything in this Warrant to the contrary, the parties hereto hereby acknowledge and agree to the following: (i) the Holder makes no representations or covenants that it will not engage in trading in the securities of the Company; (ii) the Company has not and shall not provide material non-public information to the Holder unless prior thereto the Holder Party shall have executed a written agreement regarding the confidentiality and use of such information; and (iii) the Company understands and confirms that the Holder will be relying on the acknowledgements set forth in clauses (i) through (iii) above if the Holder effects any transactions in the securities of the Company.

14. Disputes Under This Agreement

All disputes arising under this Warrant shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflict of laws. The parties hereto will submit all disputes arising under this Agreement to arbitration in Denver, Colorado before a single arbitrator of the American Arbitration Association (the “AAA”). The arbitrator shall be selected by application of the rules of the AAA, or by mutual agreement of the parties, except that such arbitrator shall be an attorney admitted to practice law in the State of Colorado. No party hereto will challenge the jurisdiction or venue provisions provided in this Section 14. Nothing in this Section

14 shall limit the Holder's right to obtain an injunction for a breach of this Agreement from a court of law. Any injunction obtained shall remain in full force and effect until the arbitrator, as set forth in this Section 14 fully adjudicates the dispute.

[Signature on Following Page]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

MASSROOTS, INC.

By: _____
Name: Isaac Dietrich
Title: CEO

EXHIBIT A

FORM OF ELECTION TO PURCHASE

MassRoots, Inc.

Re: Intention to Exercise Right to Purchase Shares of Common Stock Under the Warrant

Gentlemen:

In accordance with the Warrant enclosed with this Form of Election to Purchase, the undersigned hereby irrevocably elects to purchase _____ shares of Common Stock, \$0.001 par value per share, of MassRoots, Inc. and, if such Holder is not utilizing the cashless exercise provisions set forth in the Warrant, encloses herewith \$_____ in cash, certified or official bank check(s), which sum represents the aggregate Exercise Price for the number of shares of Common Stock to which this Form of Election to Purchase relates, together with any applicable taxes payable by the undersigned pursuant to the Warrant. Any capitalized terms used but not defined in this Form of Election to Purchase shall have the meaning ascribed to them in the accompanying Warrant.

The undersigned requests that certificates for the shares of Common Stock issuable upon this exercise be issued in the name of:

(Please insert SS# or FEIN #)

(Please print name and address)

If the number of shares of Common Stock issuable upon this exercise shall not be all of the shares of Common Stock which the undersigned is entitled to purchase in accordance with the enclosed Warrant, the undersigned requests that a New Warrant evidencing the right to purchase the shares of Common Stock not issuable pursuant to the exercise evidenced hereby be issued in the name of and delivered to:

(Please print name and address)

Dated: _____, _____ Name of Holder:

Signed: _____
Print Name: _____
Title: _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

PERSONAL AND CONFIDENTIAL

MassRoots, Inc.
1624 Market St, Ste 201
Denver, CO 80202

Dear Isaac:

This letter will confirm the understanding and agreement (the “Agreement”) between Chardan Capital Markets, LLC (“Broker” or “Chardan”) and MassRoots, Inc. (the “Company”) as follows:

1. **Engagement** : The Company hereby engages Broker as its non-exclusive agent in the private or public placement(s) of one or more classes or series of registered or unregistered securities of the Company of up to \$10 million. Such securities (the “Securities”) may take the form of common stock or other equity-linked securities or any combination thereof and may be on a best efforts basis or a firm-commitment underwritten offerings. Such placements shall be referred to as the “Transactions”). The terms of any such Transaction and the Securities shall be mutually agreed upon by the Company and Chardan and nothing herein constitutes that Chardan would have the power or authority to bind the Company or any investors or an obligation for the Company to issue any Securities or complete the Transaction. Broker may retain other brokers or dealers to act as sub-agents or selected-dealers on its behalf in connection with such Transactions.

2. **Broker’s Role** : Broker hereby accepts the engagement described herein and, in that connection, agrees to:

- (a) Review any offering documents used in connection with each Transaction (the “Offering Documents”) describing the Company and the Securities;
- (b) review with the Company the investors to whom the Offering Documents will be provided;
- (c) assist in the preparation of other communications to be used in placing the Securities, whether in the form of letter, circular, notice or otherwise; and

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17 State Street, Suite 1600
New York, NY 10004

(d) assist and advise the Company with respect to the negotiation of the sale of the Securities to the investors.

Chardan understands that the Company reserves the right to reject the subscription of any investor, including the Chardan Investors (as defined below), in whole or in part, in its sole and absolute discretion.

3. **Term; Non-Exclusivity** : This non-exclusive engagement will commence on the date hereof and terminate five business days following the date on which the party receives written notice from the other party of termination of this engagement for any reason or no reason; provided that no such notice may be given by the Company for a period of 1 month after the date hereof. Notwithstanding anything herein to the contrary, during Broker's engagement hereunder: other than with or through Maxim Group LLC (i) the Company will not, and will not permit its representatives to, other than in coordination with Broker, contact or solicit institutions, corporations or other entities or individuals as potential purchasers of the Securities and (ii) the Company will not pursue any financing transaction which would be in lieu of a Transaction. Upon termination of this Agreement the Company shall pay to Broker all fees earned and reimburse Broker for all expenses incurred, in accordance with Paragraphs 7 and 8 hereof, respectively. The Company agrees to pay Broker any fees specified in Paragraph 7 during the time limitations specified herein. The Company agrees that this section 3 and the provisions relating to the payment of fees, reimbursement of expenses, indemnification and contribution, confidentiality, conflicts, independent contractor and waiver of the right to trial by jury will survive any termination of this letter agreement.
4. **Best Efforts** : It is understood that Broker's involvement in a Transaction is strictly on a reasonable best efforts basis (unless and until the Broker signs an underwriting agreement for an underwritten offering) and that the consummation of a Transaction will be subject to, among other things, market conditions. It is understood that Broker's assistance in a Transaction will be subject to the satisfactory completion of such investigation and inquiry into the affairs of the Company as Broker deems appropriate under the circumstances (such investigation hereinafter to be referred to as "**Due Diligence**") and to the receipt of all internal approvals of Broker in connection with the Transaction. Broker shall have the right in its sole discretion to terminate this Agreement if the outcome of the Due Diligence is not satisfactory to Broker or if approval of its internal committees is not obtained.
5. **Information** : The Company shall furnish, or cause to be furnished, to Broker all information requested by Broker for the purpose of rendering services hereunder (all such information being the "**Information**"). In addition, the Company agrees to make available to Broker upon request from time to time the officers, directors, accountants, counsel and other advisors of the Company. The Company recognizes and confirms that Broker (a) will use and rely on the Information, including the Offering Documents, and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same; (b) does not assume responsibility for the accuracy or completeness of the Offering Documents or the Information and such other information; and (c) will not make an appraisal of any of the assets or liabilities of the Company. Upon reasonable request, the Company will meet with Broker or its representatives to discuss all information relevant for disclosure in the Offering Documents and will cooperate in any investigation undertaken by Broker thereof, including any document included or incorporated by reference therein. **Broker shall be a third party beneficiary of any representations, warranties and covenants made by the Company to any Investor in a best efforts Transaction.,**

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17 State Street, Suite 1600
New York, NY 10004

6. **Related Understandings and Agreements** :

- (a) If required by Broker, the Company shall enter into a Placement Agency Agreement or underwriting agreement, as applicable, with Broker that is substantially consistent with Broker's standard form, modified as appropriate to reflect the terms of the applicable Transaction and containing such terms, covenants, conditions, representations, warranties, and providing for the delivery of legal opinions, comfort letters and officer's certificates, all in form and substance satisfactory to Broker and its counsel.
- (b) Unless the Transaction is an underwritten offering by Broker, in which case the Company shall enter into an underwriting agreement with Broker that is customary for such offerings, if required by the Investors, the sale of Securities to any Investor will be evidenced by a purchase agreement ("Purchase Agreement") between the Company and such Investor in a form reasonably satisfactory to the Company and Broker. Prior to the signing of any Purchase Agreement, officers of the Company with responsibility for financial affairs will be available to answer inquiries from prospective investors.
- (c) Notwithstanding anything herein to the contrary, in the event that Broker determines that any of the terms provided for hereunder shall not comply with a FINRA rule, including but not limited to FINRA Rule 5110, then the Company shall agree to amend this Agreement (or include such revisions in the final underwriting or placement agency agreement) in writing upon the request of Broker to comply with any such rules; provided that any such amendments shall not provide for terms that are less favorable to the Company.

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New York, NY 10004

- (d) Chardan is duly registered with the United States Securities and Exchange Commission (the “**SEC**”) under Section 15 of the Securities Exchange Act of 1934, as amended, as a broker-dealers and are members in good standing of the Financial Industry Regulatory Authority (“**FINRA**”) and is registered in those states in which it is required to be so registered in order to perform its obligations under this Agreement.
7. **Fees**: As compensation for the services to be rendered by Broker hereunder, the Company will pay Broker the following fee or underwriting discount (“Transaction Fee”):
- (a) A cash fee (or underwriting discount, as applicable) payable immediately upon the closing of each Transaction and equal to 10% of the aggregate gross proceeds raised in such Transaction from Investors Chardan had contacted or introduced, directly or indirectly, to the Company (“Chardan Investors”) and 2% of the aggregate gross proceeds raised in any such Transaction from Investors that are not Chardan Investors. The parties acknowledge and agree that Chardan Investors shall include, but not be limited to, the investors (and any affiliates of such investors) set forth on Annex A attached hereto. All cash Transaction Fees shall be paid at the closing of a Transaction through a third party escrow agent from the gross proceeds of the Securities sold in a best efforts offering or delivery versus payment if in an underwritten offering.
- (b) The Company also agrees to reimburse Broker’s out-of-pocket expenses on a non-accountable basis equal to \$150,000 for background checks, road show expenses and legal fees of its counsel. Background check expenses shall be paid by the Company as incurred by the Broker.
- (c) Broker shall be entitled to a Transaction Fee under clauses (a) and (b) hereunder, calculated in the manner set forth therein, with respect to any public or private offering or other financing or capital-raising transaction of any kind (“Tail Financing”) to the extent that such financing or capital is provided to the Company by Chardan Investors, if such Tail Financing is consummated at any time within the 6-month period following the expiration or termination of this Agreement.
- (d) The Company will grant Chardan a twelve (12) month right of participation to act as co-lead underwriter or placement agent for 50% of the transaction on any future capital raising transactions involving the Company’s securities in which the Company elects to engage an investment banker or placement agent.

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New York, NY 10004

8. **Indemnification** :

- (a) To the extent permitted by law, the Company will indemnify Broker and its affiliates, stockholders, directors, officers, employees and controlling persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) against all losses, claims, damages, expenses and liabilities, as the same are incurred (including the reasonable fees and expenses of counsel), relating to or arising out of its activities hereunder or pursuant to this engagement letter, except to the extent that any losses, claims, damages, expenses or liabilities (or actions in respect thereof) are found in a final judgment (not subject to appeal) by a court of law to have resulted primarily and directly from Broker's willful misconduct or gross negligence in performing the services described herein.
- (b) Promptly after receipt by Broker of notice of any claim or the commencement of any action or proceeding with respect to which Broker is entitled to indemnity hereunder, Broker will notify the Company in writing of such claim or of the commencement of such action or proceeding, and the Company will assume the defense of such action or proceeding and will employ counsel reasonably satisfactory to Broker and will pay the fees and expenses of such counsel. Notwithstanding the preceding sentence, Broker will be entitled to employ counsel separate from counsel for the Company and from any other party in such action if counsel for Broker reasonably determines that it would be inappropriate under the applicable rules of professional responsibility for the same counsel to represent both the Company and Broker. In such event, the reasonable fees and disbursements of no more than one such separate counsel will be paid by the Company, in addition to local counsel. The Company will have the exclusive right to settle the claim or proceeding provided that the Company will not settle any such claim, action or proceeding without the prior written consent of Broker, which will not be unreasonably withheld.
- (c) The Company agrees to notify Broker promptly of the assertion against it or any other person of any claim or the commencement of any action or proceeding relating to a transaction contemplated by this engagement letter.

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New York, NY 10004

- (d) If for any reason the foregoing indemnity is unavailable to Broker or insufficient to hold Broker harmless, then the Company shall contribute to the amount paid or payable by Broker as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and Broker on the other, but also the relative fault of the Company on the one hand and Broker on the other that resulted in such losses, claims, damages or liabilities, as well as any relevant equitable considerations. The amounts paid or payable by a party in respect of losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees and expenses incurred in defending any litigation, proceeding or other action or claim. Notwithstanding the provisions hereof, Broker's share of the liability hereunder shall not be in excess of the amount of fees actually received, or to be received, by Broker under this engagement letter (excluding any amounts received as reimbursement of expenses incurred by Broker).
- (e) These indemnification provisions shall remain in full force and effect whether or not the transaction contemplated by this engagement letter is completed and shall survive the termination of this engagement letter, and shall be in addition to any liability that the Company might otherwise have to any indemnified party under this engagement letter or otherwise.

9. **Governing Laws**: This letter agreement will be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be fully performed therein. The Company irrevocably submits to the jurisdiction of any court of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of this letter agreement or our engagement hereunder.

Each of the Company and Broker hereby waives any right it may have to a trial by jury in respect of any claim brought by or on behalf of either party based upon, arising out of or in connection with this letter agreement, our engagement hereunder or the Transaction contemplated hereby.

All fees and expenses payable hereunder will be payable in U.S. dollars in cash. The Company hereby irrevocably consents to the service of process in any proceeding by the mailing of copies of such process to the Company at its address set forth above.

10. **Confidentiality**: Except as required by law, this Agreement and the services and advice to be provided by Broker hereunder, shall not be disclosed to third parties without Broker's prior written permission. Notwithstanding, Broker shall be permitted to advertise the services it provided in connection with each Transaction subsequent to the consummation of such Transaction. Such expense shall not be reimbursable under paragraph 7 hereof.

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17 State Street, Suite 1600
New York, NY 10004

11. **No Brokers** : The Company represents and warrants to Broker that there are no brokers, representatives or other persons which have an interest in compensation due to Broker from any transaction contemplated herein or which would otherwise be due any fee, commission or remuneration upon consummation of any Transaction.
12. **Authorization** : The Company and Broker represent and warrant that each has all requisite power and authority to enter into and carry out the terms and provisions of this Agreement and the execution, delivery and performance of this Agreement does not breach or conflict with any agreement, document or instrument to which it is a party or bound.
13. **Independent Contractor** : The Company acknowledges that in performing its services, Broker is acting as an independent contractor, and not as a fiduciary, agent or otherwise, of the Company or any other person. The Company acknowledges that in performing its services hereunder, Broker shall act solely pursuant to a contractual relationship on an arm's length basis (including in connection with determining the terms of any Transaction). Any review by Broker of the Company, the transaction contemplated hereby or other matters relating to such transactions has been and shall be performed solely for the benefit of Broker and shall not be on behalf of the Company. The Company agrees that it shall not claim that Broker owes a fiduciary duty to the Company in connection with such Transaction or the process leading thereto. No one other than the Company is authorized to rely upon engagement of Broker hereunder or any statements, advice, opinions or conduct by Broker. The Company further acknowledges that Broker may perform certain of the services described herein through one or more of its affiliates and any such affiliates shall be entitled to the benefit of this Agreement. This Paragraph 13 shall survive the termination or expiration of this Agreement.
14. **Conflicts** : The Company acknowledges that Broker and its affiliates may have and may continue to have investment banking and other relationships with parties other than the Company pursuant to which Broker may acquire information of interest to the Company. Broker shall have no obligation to disclose such information to the Company or to use such information in connection with any contemplated transaction.

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New York, NY 10004

15. **Anti-Money Laundering**: To help the United States government fight the funding of terrorism and money laundering, the federal laws of the United States requires all financial institutions to obtain, verify and record information that identifies each person with whom they do business. This means we must ask you for certain identifying information, including a government-issued identification number (e.g., a U.S. taxpayer identification number) and such other information or documents that we consider appropriate to verify your identity, such as certified articles of incorporation, a government-issued business license, a partnership agreement or a trust instrument.
16. **Miscellaneous**: This Agreement constitutes the entire understanding and agreement between the Company and Broker with respect to the subject matter hereof (or of similar subject matter) and supersedes all prior engagements, understandings or agreements between the parties (including, but not limited to, agreements between the parties dated March 3, 2015, June 9, 2015, and September 24, 2015), whether oral or written, express or implied. Any amendments or modifications must be executed in writing by both parties. It is understood and agreed that Broker's services hereunder will not include providing any tax, accounting, legal or regulatory advice or developing any tax strategies for the Company. This Agreement and all rights, liabilities and obligations hereunder shall be binding upon and inure to the benefit of each party's successors but may not be assigned without prior written approval of the other party. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. The descriptive headings of the Paragraphs of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in anyway the meaning or interpretation of this Agreement.

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17 State Street, Suite 1600
New York, NY 10004

If all the foregoing is acceptable to you, please so indicate by signing in the space provided below and returning a signed copy of this letter to us for our records.

Broker is delighted to accept this engagement and looks forward to working with you. Please confirm that the foregoing correctly set forth our agreement by signing the enclosed duplicate of this letter in the space provided and returning it, whereupon this letter shall constitute a binding agreement as of the date first above written.

Very truly yours,

CHARDAN CAPITAL MARKETS, LLC

By: /s/ Jonas Grossman

Name: Jonas Grossman

Title: Managing Partner

ACCEPTED AND AGREED TO
AS OF THE ABOVE DATE:

MASSROOTS, INC.

BY: /s/ Isaac Dietrich

Name: Isaac Dietrich

Title: Chief Executive Officer

Chardan Capital Markets, LLC
17 State Street, Suite 1600
New York, NY 10004

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated March 31, 2015 relating to the audited financial statements for the year ending December 31, 2014 of MassRoots, Inc.

We also consent to the reference to our Firm under the caption "Experts" in the Registration Statement.

/s/ Bongiovanni & Associates, PA

Bongiovanni & Associates, PA

N.K.A L&L CPAS, PA

April 11, 2016

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the use in this Form S-1 Registration Statement of our report dated March 30, 2016, relating to the December 31, 2015 financial statements of MassRoots, Inc., which appear in this Registration Statement and related Prospectus. Our report includes an explanatory paragraph expressing substantial doubt regarding the Company's ability to continue as a going concern

We also consent to the references to us under the heading "Experts" in such Registration Statement.

/s/ Liggett & Webb, P.A.

New York, New York
April 11, 2016

April [11], 2016

MassRoots, Inc.
1624 Market Street
Denver, CO 80202

Re: Form S-1 Registration Statement

Ladies and Gentlemen:

We have acted as counsel to MassRoots, Inc., a Delaware corporation (the “Company”), in connection with the preparation and filing with the Securities and Exchange Commission of a Registration Statement on Form S-1 (the “Registration Statement”) relating to the sale by the Company of up to [] shares of the Company’s common stock, par value \$0.001 (“Common Stock”), and up to [] warrants to purchase shares of Common Stock (“Warrants”).

With respect to factual matters, we have relied upon statements and certificates of officers of the Company. We have also reviewed such other matters of law and examined and relied upon such other documents, records and certificates as we have deemed relevant hereto. In such examinations, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents.

Based on the foregoing, we are of the opinion that the Common Stock and Warrants, when sold by the Company, will be validly authorized, legally issued, fully paid and non-assessable, and that the Common Stock underlying the Warrants, when issued upon such conversion or exercise and payment of the exercise price, if any, validly authorized, legally issued, fully paid and non-assessable.

We express no opinion as to the effect or application of any laws or regulations other than the General Corporation Law of the State of Delaware and the Federal laws of the United States, in each case as currently in effect.

The information set forth herein is as of the date hereof. We assume no obligation to supplement this opinion letter if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof. Our opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company, the Common Stock, Warrants, the Registration Statement or the prospectus included therein.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and being named in the prospectus included in the Registration Statement under the heading “Legal Matters”. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

Thompson Hine LLP