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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 24, 2019

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

Delaware
(State or other jurisdiction of incorporation)

000-55431
(Commission File Number)

46-2612944
(IRS Employer Identification No.)

7083 Hollywood Blvd, Office 4084 Los Angeles, CA
(Address of principal executive offices)

90028
(Zip Code)

(833) 467-6687
(Registrant’s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☒ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Item 1.01 Entry into a Material Definitive Agreement.

From June 24 to July 2, 2019, MassRoots, Inc. (the “Company”) entered into subscription agreements (the “Subscription Agreements”) with an accredited investor pursuant to which it sold an aggregate of 240 units (“Units”) for a purchase price of $1,250 per unit, for aggregate gross proceeds of $300,000 (the “Offering”). Each Unit consisted of one share of the Company’s newly designated Series B Preferred Stock, par value $0.001 per share (“Series B Preferred Stock”), and a warrant (the “Warrant”) to purchase 25,000 shares (the “Warrant Shares”) of the Company’s common stock, par value $0.001 per share. The Units, Series B Preferred Stock, Warrants and Warrant Shares are collectively referred to herein as the “Securities.”

The Warrants are exercisable, at any time on or after the initial issuance date, at a price of $0.075 per share, subject to adjustment, and expire three years from the date of issuance. The holders of Warrants are able to, subject to certain limitations, exercise the Warrants on a cashless basis. The Company is prohibited from effecting an exercise of the Warrant to the extent that, as a result of such exercise, the holder would beneficially own more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock upon exercise of the Warrant, which beneficial ownership limitation may be increased by the holder up to, but not exceeding, 9.99%.

The foregoing descriptions of the Subscription Agreements and Warrants are not complete and are qualified in their entireties by reference to the full text of the Form of Subscription Agreement and Form of Warrant, copies of which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K (this “Current Report”) and are incorporated by reference herein.

From July 2, 2019 to July 11, 2019, the Company entered into separate exchange agreements (the “Exchange Agreements”) with certain holders (the “Holders”) pursuant to which it exchanged (the “Exchange”) an aggregate of 26 million warrants issued in July 2018 (the “Exchange Securities”) for an aggregate of 6,000 shares of the Company’s newly designated Series A Preferred Stock, par value $0.001 per share (the “Series A Preferred Stock”). As part of the Exchange, the Holders relinquished any and all rights related to the Exchange Securities.

The foregoing description of the Exchange Agreement is not complete and is qualified in its entirety by reference to the full text of the Form of Exchange Agreement, a copy of which is filed as Exhibit 10.3 to this Current Report and is incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities.

From June 24 to July 2, 2019, the Company sold the Securities in consideration for gross proceeds of $300,000. The details of this transaction are described in Item 1.01, which is incorporated by reference in its entirety into this Item 3.02. The Units (and the securities included therein) have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and issued in reliance on the exemption from registration under the Securities Act, afforded by Section 4(a) (2) and Rule 506 of Regulation D promulgated thereunder.

From July 2 to July 11, 2019, the Company exchanged the Exchange Securities for the Series A Preferred Stock. The details of this transaction are described in Item 1.01, which is incorporated by reference in its entirety into this Item 3.02. The shares of Series A Preferred Stock were issued in reliance on the exemption from registration contained in Section 3(a)(9) of the Securities Act.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

In connection with the Offering, on July 8, 2019, the Company filed a Certificate of Designations, Preferences and Rights of the Series B Preferred Stock (the “Series B COD”) with the Delaware Secretary of State.

Pursuant to the Series B COD, 2,000 shares of the Company’s blank check preferred stock have been designated as Series B Preferred Stock. The Series B Preferred Stock have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

**Dividends.** The holders of Series B Preferred Stock shall have no dividend rights except as may be declared by the Company’s board of directors.
Ranking. The Series B Preferred Stock rank (i) senior to the Company’s common stock, (ii) senior to or on parity with all other classes and series of the Company’s preferred stock, unless otherwise specified and (iii) junior to the Series A Preferred Stock with respect to the payment of dividends and distributions of the assets of the Company upon liquidation, dissolution or winding up of the Company.

Voting. Except as otherwise required by law, holders of Series B Preferred Stock shall be entitled to vote, together as a class with the holder of common stock, on all matters submitted to stockholders of the Company and shall have the number of votes equal to the number of shares of common stock such Series B Preferred Stock are convertible into.

Conversion. Each share of Series B Preferred Stock shall be convertible into such number of shares of the Company’s common stock determined by dividing (i) the Series B Preferred Stock Applicable Per Share Stated Value by (ii) the Series B Preferred Stock Conversion Price. The “Series B Preferred Stock Applicable Per Share Stated Value” means $1,250 per share, subject to adjustment. The “Series B Preferred Stock Conversion Price” means $0.05, subject to adjustment. The Company is prohibited from effecting a conversion of the Series B Preferred Stock to the extent that, as a result of such exercise, the holder would beneficially own more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the Series B Preferred Stock, which beneficial ownership limitation may be increased by the holder up to, but not exceeding, 9.99%.

In connection with the Exchange, on July 8, 2019, the Company filed a Certificate of Designations, Preferences and Rights of the Series A Preferred Stock (the “Series A COD”) with the Delaware Secretary of State.

Pursuant to the Series A COD, 6,000 shares of the Company’s blank check preferred stock have been designated as Series A Preferred Stock. The Series A Preferred Stock have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

Dividends. The holders of Series A Preferred Stock shall have no dividend rights except as may be declared by the Company’s board of directors.

Ranking. The Series A Preferred Stock rank (i) senior to the Company’s common stock and Series B Preferred Stock and (ii) senior to or on parity with all other classes and series of the Company’s preferred stock, unless otherwise specified, with respect to the payment of dividends and distributions of the assets of the Company upon liquidation, dissolution or winding up of the Company.

Voting. Except as otherwise required by law, holders of Series A Preferred Stock shall be entitled to vote, together as a class with the holders of common stock, on all matters submitted to stockholders of the Company and shall have the number of votes equal to the number of shares of common stock such Series A Preferred Stock are convertible into.

Conversion. Each share of Series A Preferred Stock shall be convertible into such number of shares of the Company’s common stock determined by dividing (i) the Series A Preferred Stock Applicable Per Share Stated Value by (ii) the Series A Conversion Price. The “Series A Preferred Stock Applicable Per Share Stated Value” means $1,250 per share, subject to adjustment. The “Series A Preferred Stock Conversion Price” means $0.05, subject to adjustment. The Company is prohibited from effecting a conversion of the Series A Preferred Stock to the extent that, as a result of such exercise, the holder would beneficially own more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the Series A Preferred Stock, which beneficial ownership limitation may be increased by the holder up to, but not exceeding, 9.99%.

 Redemption. At any time and from time to time on or after the issuance date of the Series A Preferred Stock and 24 months thereafter, any holder of Series A Preferred Stock shall have the right to elect to have, out of funds legally available therefor, all or any portion of the then shares of Series A Preferred Stock redeemed by the Company for a price per share of $980.39, plus all unpaid accrued and accumulated dividends, if any.

The foregoing description of the Series A COD and Series B COD are not complete and are qualified in their entirety by reference to the full text of the Series A COD and Series B COD, copies of which are filed as Exhibit 3.1 and 3.2, respectively, to this Current Report and are hereby incorporated by reference.
Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

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<thead>
<tr>
<th>Exhibit No.</th>
<th>Description</th>
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<tr>
<td>3.1</td>
<td>Certificate of Designations, Preferences and Rights of the Series A Preferred Stock</td>
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<td>3.2</td>
<td>Certificate of Designations, Preferences and Rights of the Series B Preferred Stock</td>
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<td>10.1</td>
<td>Form of Subscription Agreement</td>
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<td>10.2</td>
<td>Form of Warrant</td>
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<td>10.3</td>
<td>Form of Exchange Agreement</td>
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MassRoots, Inc.

Date: July 11, 2019
By: /s/ Isaac Dietrich

Isaac Dietrich
Chief Executive Officer
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "MASSROOTS, INC."

FILED IN THIS OFFICE ON THE EIGHTH DAY OF JULY, A.D. 2019, AT 4:19 O’CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.

Jeffrey W. Bullock, Secretary of State

5325528 8100
SR# 20195853075
Authentication: 203178254
Date: 07-09-19
You may verify this certificate online at corp.delaware.gov/authver.shtml
CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE
SERIES A CONVERTIBLE PREFERRED STOCK OF
MASSROOTS, INC.

I, Isaac Dietrich, hereby certify that I am the Chief Executive Officer of MassRoots, Inc.,
a Delaware corporation (the “Corporation”), and further do hereby certify:

That pursuant to the authority expressly conferred upon the Board of Directors of the
Corporation (the “Board”) by the Corporation’s Certificate of Incorporation (the “Certificate
of Incorporation”), the Board on July 3, 2019, adopted resolutions creating a series of convertible
shares of Preferred Stock designated as Series A Preferred Stock, none of which shares have been
issued, with the rights, powers, preferences, privileges and restrictions relating to such series in
addition to any set forth in the Certificate of Incorporation as follows:

TERMS OF SERIES A PREFERRED STOCK

1. Designation and Number of Shares. There shall hereby be created and established by this
Certificate of Designations, Preferences and Rights (this “Certificate of Designations”) a series of
preferred stock of the Corporation designated as “Series A Preferred Stock” (the “Series A
Preferred Stock”). The authorized number of Preferred Shares shall be 6,000 shares. Each share
of Series A Preferred Stock shall have a par value of $0.001 per share (the “Par Value”).
Capitalized terms not defined herein shall have the meaning as set forth in Section 15 hereof.

2. Dividends. The holders of shares of Series A Preferred Stock shall have no dividend rights
except as may be declared by the Board of Directors, in its sole and absolute discretion, out of
funds legally available for such purpose.

3. Liquidation, Dissolution and Winding Up. In the event of any liquidation, dissolution or
winding up of the Corporation, whether voluntary or involuntary (as applicable), or in the event of
its insolvency, whether under the laws of the State of Delaware, federal bankruptcy laws or other
applicable federal or state laws (any, a “Liquidation”), the holders of outstanding shares of the
Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation available
for distribution to holders of the Corporation’s capital stock of all classes, whether such assets are
capital, surplus or earnings (“Available Assets”), before any distribution or payment is made to
any holders of Common Stock or any class or series of the Corporation’s capital stock which is,
with respect to the Common Stock, an amount per share of Series A Preferred Stock equal to the sum
of (1) the Applicable Per Share Stated Value for such share of Series A Preferred Stock, plus (2)
declared and unpaid dividends, if any, thereon (the “Series A Liquidation Preference”). The
purchase or redemption by the Corporation of shares of any class, in any manner permitted by law,
or an Acquisition Transaction shall not, for the purposes hereof, be regarded as a Liquidation. If
the Available Assets include assets other than cash, then the value of such non-cash Available
Assets shall be determined in good faith by a majority of the entire Board as of the date of the
Liquidation. The Corporation shall notify in writing the holders of Series A Preferred Stock as to
the Board’s determination of the value of the non-cash Available Assets not later than thirty (30)
calendar days prior to such Liquidation. After payment in full of the Series A Liquidation

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State of Delaware
Secretary of State
Division of Corporations
Delivered 04:19 PM 07/08/2019
FILED 04:19 PM 07/08/2019
SR 201985545175 - File Number 5515528
Preference and payment in full on any class or series of the Corporation’s capital stock that is entitled to payment prior to the holders of Common Stock, the remaining Available Assets, if any, shall be distributed among the holders of Common Stock in proportion to the number of shares of Common Stock then held by holders of Common Stock.


a. General. Except as otherwise expressly required by law, the Holder of Series A Preferred Stock shall be entitled to vote on all matters submitted to shareholders of the Corporation and shall have the number of votes equal to the number of shares of Common Stock such shares of Series A Preferred Stock are convertible into at such time owned at the record date for the determination of shareholders entitled to vote on such matter or, if no such record date is established, at the date such vote is taken or the date on which any written consent of shareholders is solicited, equal to the number of shares of Common Stock such shares of Series A Preferred Stock are convertible into at such time. Except as otherwise required by law, the holders of shares of Series A Preferred Stock shall vote together with the holders of Common Stock on all matters and shall not vote as a separate class.

5. Conversion. At any time after the Series A Issue Date, any Holder shall be entitled to convert any whole number of shares of Series A Preferred Stock into shares of Common Stock at the Conversion Rate (as defined below). For clarification purposes, a Holder shall have the right to convert all or any portion of its shares of Series A Preferred Stock after the delivery of any Conversion Notice (as defined herein) is delivered by such Holder to the Corporation in accordance with this Certificate of Designations. The number of shares of Common Stock which a holder of Series A Preferred Stock shall be entitled to receive upon the conversion of each share of Series A Preferred Stock shall be equal to the quotient obtained by dividing the Applicable Per Share Stated Value by the Conversion Price. The “Conversion Price” shall be equal to $0.05, subject to adjustment as provided hereinafter.

a. Mechanics of Conversion. The conversion of shares of Series A Preferred Stock shall be conducted in the following manner:

i. Holder’s Delivery Requirements. To convert shares of Series A Preferred Stock into Common Shares on any date (the “Conversion Date”), the Holder shall (A) transmit by email (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York City Time, on such date, a copy of a properly completed notice of conversion executed by the registered Holder of the shares of Series A Preferred Stock subject to such conversion in the form attached hereto as Exhibit A (the “Conversion Notice”) to the Corporation and (B) if required, surrender to a common carrier for delivery to the Corporation as soon as practicable following such date the original certificates representing the shares of Series A Preferred Stock being converted (the “Preferred Share Certificates”).

ii. Corporation’s Response. On or before the second (2nd) Trading Day following the date of receipt by the Corporation of such Conversion Notice (the “Share Delivery Date”), the Corporation shall issue and deliver to the address as specified in the Conversion Notice, in book entry form if such issuance is permitted by the Corporation’s
stock transfer agent or otherwise a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled. If the number of shares of Series A Preferred Stock represented by the Share Certificate(s) submitted for conversion, as may be required, is greater than the number of shares of Series A Preferred Stock being converted, then the Corporation shall, as soon as practicable and in no event later than two (2) Business Days after receipt of the Share Certificate(s) (the “Preferred Share Delivery Date”) and at its own expense, to issue and deliver to the Holder a new Share Certificate representing the number of shares of Series A Preferred Stock not converted. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender a Series A Share Certificate until the Holder has converted in full the certificate.

iii. Maximum Conversion. Notwithstanding anything to the contrary set forth in this Certificate of Designation, at no time may all or a portion of shares of Series A Preferred Stock be converted if the number of shares of Common Stock to be issued pursuant to such conversion would cause the holder’s beneficial ownership to exceed, when aggregated with all other shares of Common Stock beneficially owned (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, and the rules thereunder) by such Holder at such time, more than 4.99% of all of the Common Stock issued and outstanding at such time (which provision may be waived by such Holder by written notice from such Holder to the Corporation, which notice shall be effective 61 calendar days after the date of such notice). Notwithstanding such waiver, in no event shall the Series A Preferred Stock be converted if after giving effect to the conversion, the Holder would beneficially own more than 9.99% of all of the Common Stock issued and outstanding at such time. For purposes of this Section 5, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Corporation’s most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Corporation or (3) any other notice by the Corporation or its stock transfer agent setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of a Holder, the Corporation shall within one (1) business day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including shares of Series A Preferred Stock, held by such Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported, which in any event are convertible or exercisable, as the case may be, into shares of the Corporation’s Common Stock within sixty (60) calendar days of such calculation and which are not subject to a limitation on conversion or exercise analogous to the limitation contained herein. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitations herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.
b. Intentionally Omitted.

c. Intentionally Omitted.

d. **Status of Converted or Repurchased Series A Preferred Stock.** Any share of Series A Preferred Stock cancelled pursuant to Section 3, converted into Common Stock or acquired by the Corporation by reason of exchange, purchase or otherwise shall be cancelled and shall not be subject to reissuance, and the capital of the Corporation shall be automatically reduced by a corresponding amount. Upon the cancellation of all outstanding shares of Series A Preferred Stock, the provisions of this Certificate of Designations shall terminate and have no further force and effect.

e. **Issue Tax.** The issuance of certificates for shares of Common Stock upon conversion of shares of Series A Preferred Stock shall be made without charge to the holders thereof for any issuance, documentary, stamp or other transactional tax in respect thereof, provided that the Corporation shall not be required to pay any such tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the shares of Series A Preferred Stock which is being converted.

f. **Closing of Books.** The Corporation will at no time close its transfer books against the transfer of any shares of Series A Preferred Stock or of any shares of Common Stock Issued or Issuable upon the conversion of any shares of Series A Preferred Stock in any manner which interferes with the timely conversion of such shares of Series A Preferred Stock.

g. **Exercise Of Conversion Privilege; Delivery of Certificates.** To exercise its conversion privilege under Section 5(a), a holder of Series A Preferred Stock shall not be required to surrender the certificate or certificates representing the shares being converted to the Corporation at its principal office unless the Holder has fully converted the Series A Preferred Stock. Upon a full conversion, if such certificate(s) have been lost, stolen or destroyed, then the holder shall deliver a certificate executed by such holder certifying to such fact, together with an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by the Corporation in connection with such lost, stolen or destroyed certificate without the posting of any bond or security, and shall give written notice to the Corporation at that office that such holder elects to convert such shares. Such written notice shall state the date on, or the time at which, the conversion is to be deemed effective and any conditions to such effectiveness. If such written notice does not state any such date, time or conditions, then the date when such written notice of exercise of the conversion privilege is received by the Corporation, and if applicable, the certificate or certificates representing the shares of Series A Preferred Stock being converted (or, if applicable, the certification and indemnity agreement described above), shall be the date on which the conversion is deemed effective. The date or time at which any conversion of Series A Preferred Stock is deemed effective under this Section 5(h) is referred to in this Certificate of Designations as the “Conversion Date.” Any notice required to be provided by a holder of Series A Preferred Stock under this Section 5(h) shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. When the holder surrenders the certificate or certificates for shares of Series A Preferred Stock for conversion it shall be accompanied by proper assignment thereof to
the Corporation or in blank. As promptly as practicable after the Conversion Date for the Series A Preferred Stock being converted, the Corporation shall issue and deliver to the holder of the shares of Series A Preferred Stock being converted, or on its written order, such certificate or certificates as it may request for the number of whole shares of Common Stock issuable upon the conversion of such shares of Series A Preferred Stock in accordance with the provisions of Section 5, and cash, as provided in Section 5(i) in respect of any fraction of a share of Common Stock issuable upon such conversion. At such time as any conversion of shares of Series A Preferred Stock is effective, the rights of the holder as holder of the converted shares of Series A Preferred Stock shall cease and the person(s) in whose name(s) any certificate(s) for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby, regardless of whether the certificates that represented the converted shares of Series A Preferred Stock have been surrendered by the holder thereof.

h. **Fractional Shares; Distributions; Partial Conversion.** No fractional shares of Common Stock shall be issued upon conversion of shares of Series A Preferred Stock into shares of Common Stock and no payment or adjustment shall be made upon any conversion on account of any cash distributions on the shares of Common Stock Issued upon such conversion. If any fractional shares of Common Stock would, except for the provisions of the first sentence of this Section 5(i), be delivered upon such conversion, the Corporation, in lieu of delivering such fractional share, shall pay to the holder surrendering the shares of Series A Preferred Stock for conversion an amount in cash equal to the fair market value of such fractional share as determined in good faith by a majority of the entire Board.

6. **Restriction and Limitations.** Except as expressly provided herein or as required by law, so long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without the vote or written consent of the holders of at least a majority of the then outstanding shares of the Series A Preferred Stock, take any action which would adversely and materially affect any of the preferences, limitations or relative rights of the Series A Preferred Stock.

7. **Certain Adjustments.**

a. **Stock Dividends and Stock Splits.** If the Corporation, at any time while the Series A Preferred Stock is outstanding: (A) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation pursuant to the conversion of the Series A Preferred Stock), (B) subdivide outstanding shares of Common Stock into a larger number of shares, (C) combine (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issue by reclassification of shares of the Common Stock any shares of capital stock of the Corporation, each share of Series A Preferred Stock shall receive such consideration as if such number of shares of Series A Preferred Stock had been, immediately prior to such foregoing dividend, distribution, subdivision, combination or reclassification, the holder of the number of shares of Common Stock into which it could convert at such time. 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, combination or reclassification.

b. **Subsequent Equity Sales.** For a period of two years from the Series A Issue Date, in the event that the Corporation shall, at any time, issue or sell any additional shares of Common Stock or Common Stock Equivalents (hereafter defined) ("Additional Shares of Common Stock"), in a transaction other than an Exempt Issuance, at a price per share less than the Conversion Price then in effect or without consideration (a "Dilutive Issuance" based on a "Dilutive Issuance Price"), then the Conversion Price upon each such issuance shall be reduced to the Dilutive Issuance Price, and the number of shares Common Stock issuable upon conversion of the Series A Preferred Stock shall be increased on a full ratchet basis to the number of shares of Common Stock determined by multiplying the Conversion Price then in effect immediately prior to such adjustment by the number of shares of Common Stock acquirable upon conversion of the Series A Preferred Stock immediately prior to such adjustment and dividing the product thereof by the Conversion Price resulting from such adjustment. By way of example, if $E$ is the total number of shares of Common Stock in effect pursuant to a conversion of the Series A Preferred Stock immediately prior to such Dilutive Issuance, $F$ is the Conversion Price in effect immediately prior to such Dilutive Issuance, and $G$ is the Dilutive Issuance Price, the adjustment to the number of shares of Common Stock issuable can be expressed in the following formula: Total number of shares of Common Stock after such Dilutive Issuance = the quotient obtained from dividing $[E \times \frac{F}{G}]$ by $G$.

8. **Redemption.**

a. **Redemption.** At any time and from time to time on or after the Date of Issuance and 24 months thereafter, any holder of Series A Preferred Stock shall have the right to elect to have, out of funds legally available therefor, all or any portion of the then shares of Series A Preferred Stock redeemed by the Corporation (a "Series A Redemption") for a price per share equal to $980.39 for such share of Series A Preferred Stock, plus all unpaid accrued and accumulated dividends on such shares (whether or not declared) (the "Series A Redemption Price"). Any such Series A Redemption shall occur not more than ten (10) calendar days following receipt by the Corporation of a written election notice (the "Series A Election Notice") from any holder of Series A Preferred Stock, stating the aggregate number of Shares to be redeemed. In exchange for the surrender to the Corporation by the respective holders of shares of Series A Preferred Stock of their certificate or certificates representing such shares, the Series A Redemption Price shall be payable in cash in immediately available funds to the respective holders of the Series A Preferred Stock on the applicable Series A Redemption Date and the Corporation shall contribute all of its assets to the payment of the Series A Redemption Price, and to no other corporate purpose, except to the extent prohibited by applicable Delaware law.

8.2 **Rights Subsequent to Redemption.** If on the applicable Series A Redemption Date, the Series A Redemption Price is paid (or tendered for payment) for any of the shares to be redeemed on such Series A Redemption Date, then on such date all rights of the holder in the
shares so redeemed and paid or tendered, including any rights to dividends on such shares, shall cease, and such shares shall no longer be deemed issued and outstanding.

9. **Events of Default**

(a) **Events of Default.** "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) the Corporation shall fail to observe or perform any covenant or agreement contained under this Certificate of Designations or in that certain Exchange Agreement, dated July 3, 2019 (the "Exchange Agreement") by and among the Corporation and each of the Holders (other than a breach by the Corporation of its obligations to deliver shares of Common Stock to the Holder upon conversion, which breach is addressed in clause (iv) below) which failure is not cured, if possible to cure, within two Business Days after notice of such failure sent by the Holder or by any other Holder to the Corporation;

(ii) the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market and shall not be eligible to resume listing or quotation for trading thereon within two Business Days. "Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, or any market of the OTC Markets, Inc. (other than OTC Pink) (or any successors to any of the foregoing);

(iii) the Corporation shall have failed to authorize and reserve the amount of shares of Common Stock designated in Section 13 herein (without regard to any limitations on conversion hereof, including without limitation, any beneficial ownership limitations contained herein) and shall not have cured such failure within two (2) Business Days of such failure;

(iv) the Corporation shall fail for any reason, except if caused by the action or inaction of the Holder to deliver certificates to a Holder within two Business Days after delivery by a holder of a Conversion Notice; or

(v) the Corporation does not meet the current public information requirements under Rule 144 in respect of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock.

(vi) the Corporation, for any reason, does not redeem the Series A Preferred Stock by any Holder in accordance with Section 8.

(b) **Stated Value Upon Event of Default.** If any Event of Default occurs and is not cured as provided for herein, the Applicable Per Share Stated Value and the number of shares of Common Stock each Holder shall be entitled to receive upon conversion of one share of Series A Preferred Stock shall increase by 107%.
10. Lost or Stolen Certificates. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of any share certificates representing the shares of Series A Preferred Stock, and, in the case of loss, theft or destruction, of an indemnification undertaking by the holder of such Series A Preferred Stock to the Corporation in customary form without submitting a bond or other security and, in the case of mutilation, upon surrender and cancellation of the share certificate(s), the Corporation shall execute and deliver new share certificate(s) of like tenor and date; provided, however, the Corporation shall not be obligated to re-issue share certificates if such holder contemporaneously requests the Corporation to convert such shares of Series A Preferred Stock into shares of Common Stock.

11. No Dilution or Impairment. The Corporation will not, by amendment of this Certificate of Designations or the Certificate of Incorporation or through any reorganization, transfer of capital stock or assets, consolidation, merger, recapitalization, share exchange, dissolution, issuance of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Series A Preferred Stock set forth herein, but will at all times in good faith assist in carrying out all of such terms.

12. Notices of Record Date. In the event of (a) any taking by the Corporation of a record of the holders of any class or series of the Corporation’s capital stock or other securities for the purpose of determining the holders thereof who are entitled to receive any dividends or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of capital stock of any class or series or any other securities or property, or to receive any other right; (b) any capital reorganization, any reclassification of the capital stock of the Corporation or other change in the capital stock of the Corporation, any merger, consolidation or reorganization, or share exchange involving the Corporation or any Subsidiary, or any sale, conveyance, disposition, exclusive license, lease or other transfer, whether pursuant to a single transaction or series of related transactions, of all or substantially all of the assets of the Corporation or any Subsidiary; or (c) any Liquidation; then and in each such event the Corporation shall deliver notice to each holder of Series A Preferred Stock specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, sale, conveyance, disposition, exclusive license, lease, transfer, consolidation, merger, or Liquidation is expected to become effective, and (iii) the time, if any, that is to be fixed, as to when the holders of record of any such capital stock or other securities shall be entitled to exchange their shares of any such capital stock or other securities for cash, securities or other property deliverable upon such reorganization, reclassification, recapitalization, sale, conveyance, disposition, exclusive license, lease, transfer, consolidation, merger, share exchange or Liquidation. Such notice shall be sent at least twenty (20) calendar days prior to the date specified in such notice on which action is being taken.

13. Reservation Of Capital Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock (including any shares of Series A Preferred Stock
represented by any warrants, options, subscription or purchase rights for Series A Preferred Stock). If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock (including any shares of Series A Preferred Stock represented by any warrants, options, subscriptions or purchase rights for such Series A Preferred Stock), the Corporation shall take such action as may be necessary and use its best efforts to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose. Upon request of a Holder, the Corporation shall provide confirmation from the Corporation’s transfer agent that the share reservation required under this Section 13 has been met. If the share reservation required is not met under this Section 13, the Company agrees to take all necessary corporate actions in order to obtain shareholder approval and file an amendment to its Certificate of Incorporation as expeditiously as possible to increase its authorized shares of Common Stock to a number that satisfies such requirement. If after 75 days from initial issuance of Series A Preferred Stock, the Corporation at any time fails to meet the share reservation requirement, it shall pay the Holders as partial liquidated damages and not as a penalty a sum equal to $6.25 per day for each share of Series A Preferred Stock held by the Holders until the share reservation requirement has been met. Nothing herein shall limit Holder’s right to pursue actual damages for failing to meet the requirements under this Section 13.

14. Notices. Whenever written notice is required to be given by the Corporation or any stockholder to holders of Series A Preferred Stock, or by any stockholder to the Corporation, such notice shall be in writing and unless otherwise required by this Certificate of Designations or Delaware law, shall be deemed sufficient upon receipt when delivered personally, by courier, or by electronic mail (to the extent notification by electronic mail has previously been consented to), if such notice is sent to the party at the most recent address or email address as shown on the books of the Corporation or to the Corporation at the address of its principal place of business.

15. Definitions. For purposes of this Certificate of Designations, the following terms used herein shall have the meanings ascribed below:

a. “Acquisition Transaction” means: (a) any sale, conveyance, disposition, exclusive license, lease or other transfer, whether pursuant to a single transaction or a series of related transactions, of all or substantially all of the assets of the Corporation and/or its Subsidiaries, determined on a consolidated basis; (b) the acquisition of the Corporation by another Person by means of any transaction or series of related transactions (including, without limitation, any consolidation, merger, reorganization, sale of stock, recapitalization, share exchange, or other transaction involving the Corporation or any Subsidiary), that results in the holders of the Corporation’s outstanding shares of capital stock immediately prior to any such transaction not holding (by virtue of such securities issued solely pursuant to such transaction), immediately after such transaction, securities representing at least a majority of the voting power of the Person surviving or resulting from such transaction or, if the surviving or resulting Person is a subsidiary of the Corporation or another Person immediately after such transaction, the entity whose securities are issued pursuant to such transaction or series of transactions; or (c) the effectuation by the Corporation or by any of the holders of the Corporation’s outstanding capital stock of a transaction or series of related transactions that results in the holders of the Corporation’s outstanding capital stock immediately prior to any such transaction not holding (by virtue of such
securities issued solely pursuant to such transaction) immediately after such transaction, securities representing at least a majority of the voting power of the Corporation.

b. "Applicable Per Share Stated Value" means with respect to the Series A Preferred Stock, $1,250 per share, subject to appropriate and proportionate adjustment for stock dividends, stock splits and other subdivisions and combinations of, and recapitalizations and like occurrences.

c. "Available Assets" has the meaning as set forth in Section 3.

d. "Board" means the Board of Directors of the Corporation.

e. "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

f. "Common Stock" means shares of common stock, par value $0.001 per share of the Corporation.

g. "Conversion Date" has the meaning set forth in Section 5(h).

h. "Conversion Price" has the meaning as set forth in Section 5.

i. "Exempt Issuance" means the issuance of Common Stock pursuant to the conversion of the Corporation's Series A Preferred Stock or Series B Preferred Stock.

j. "Issue" or "Issuance" in any of its forms, means to sell, grant or otherwise issue in any manner.

k. "Junior Stock" means, with respect to any particular class or series of the Corporation's capital stock, any other class or series of the Corporation's capital stock (a) specifically ranking by its terms to be junior to Series A Preferred Stock or (b) not specifically ranking by its terms senior to or on parity with Series A Preferred Stock, in each case, as to distribution of assets upon a Liquidation or otherwise.

l. "Liquidation" has the meaning set forth in Section 3.

m. "Person" means any natural person, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, proprietorship, joint venture, trust, association, union, entity or other form of business organization or any governmental or regulatory authority whatsoever.

n. [Reserved]

o. "Series A Issue Date" means, with respect to a share of Series A Preferred Stock, the date upon which such share of Series A Preferred Stock was Issued by the Corporation.
p. "Series A Liquidation Preference" has the meaning set forth in Section 3.

q. "Series A Preferred Stock" has the meaning set forth in Section 1.

r. "Subsidiary" or "Subsidiaries" means any Person of which the Corporation, directly or indirectly through one or more intermediaries owns or controls at the time at least fifty percent (50%) of the outstanding voting equity or similar interests or the right to receive at least fifty percent (50%) of the profits or earnings or aggregate equity value.

s. "Trading Day" means a day on which the New York Stock Exchange is open for business.

16. Series A Preferred Stock Register. The Corporation shall maintain at its principal executive offices (or such other office or agency of the Corporation as it may designate by notice to the Holders), a register for the Series A Preferred Stock, in which the Corporation shall record the name, address and email address of the persons in whose name the shares of Series A Preferred Stock have been issued, as well as the name and address of each transferee. The Corporation may treat the person in whose name any Series A Preferred Stock is registered on the register as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any properly made transfers.

17. Shareholder Matters. Any shareholder action, approval or consent required, desired or otherwise sought by the Corporation pursuant to the laws of the State of Delaware, this Certificate of Designation or otherwise with respect to the issuance of Series A Preferred Stock or the shares of Common Stock issuable upon conversion thereof may be effected by written consent of the Corporation’s shareholders or at a duly called meeting of the Corporation’s shareholders, all in accordance with the Delaware General Corporation Law.

18. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof.
IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations of Series A Convertible Preferred Stock of MassRoots, Inc. to be signed by its Chief Executive Officer on this 8th day of July, 2019.

MASSROOTS, INC.

By: [Signature]

Name: Isaac Dietrich
Title: Chief Executive Officer
MASSROOTS, INC.
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock (the “Certificate of Designations”) of MassRoots, Inc. (the “Corporation”). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of shares of Series A Preferred Stock of the Corporation indicated below into shares of common stock of the Corporation, as of the date specified below.

Date of Conversion: ____________________________________________

Number of Preferred Shares to be converted: ____________________________

Share certificate no(s). of Preferred Shares to be converted: ________________

Tax ID Number (If applicable): _______________________________________

Conversion Price: _________________________________________________

Number of shares of Common Stock to be issued: _______________________

Please issue the shares of Common Stock into which the Preferred Shares are being converted in the following name and to the following address:

Issue to: _______________________________________________________

______________________________________________________________

Address: _______________________________________________________

TelephoneNumber: ________________________________________________

Facsimile Number: _____________________________________________

Holder: ________________________________________________________

By: ___________________________________________________________

Title: _________________________________________________________

Dated: _________________________________________________________

Account Number (if electronic book entry transfer): _______________________

Transaction Code Number (if electronic book entry transfer): _______________
Exhibit 3.2

Delaware
The First State


A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARD TO THE KENT COUNTY RECORDER OF DEEDS.

Jeffrey W. Bullock, Secretary of State

5325528 8100
SR# 20195853224
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203178293
Date: 07-09-19
CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE SERIES B CONVERTIBLE PREFERRED STOCK OF MASSROOTS, INC.

I, Isaac Dietrich, hereby certify that I am the Chief Executive Officer of MassRoots, Inc., a Delaware corporation (the “Corporation”), and further do hereby certify:

That pursuant to the authority expressly conferred upon the Board of Directors of the Corporation (the “Board”) by the Corporation’s Certificate of Incorporation (the “Certificate of Incorporation”), the Board on June 21, 2019, adopted resolutions creating a series of convertible shares of Preferred Stock designated as Series B Preferred Stock, none of which shares have been issued, with the rights, powers, preferences, privileges and restrictions relating to such series in addition to any set forth in the Certificate of Incorporation as follows:

TERMS OF SERIES B PREFERRED STOCK

1. Designation and Number of Shares. There shall hereby be created and established by this Certificate of Designations, Preferences and Rights (this “Certificate of Designations”) a series of preferred stock of the Corporation designated as “Series B Preferred Stock” (the “Series B Preferred Stock”). The authorized number of Preferred Shares shall be 2,000 shares. Each share of Series B Preferred Stock shall have a par value of $0.001 per share (the “Par Value”). Capitalized terms not defined herein shall have the meaning as set forth in Section 15 hereof.

2. Dividends. The holders of shares of Series B Preferred Stock shall have no dividend rights except as may be declared by the Board of Directors, in its sole and absolute discretion, out of funds legally available for such purpose.

3. Liquidation, Dissolution and Winding Up. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (as applicable), or in the event of its insolvency, whether under the laws of the State of Delaware, federal bankruptcy laws or other applicable federal or state laws (any, a “Liquidation”), the holders of outstanding shares of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for distribution to holders of the Corporation’s capital stock of all classes, whether such assets are capital, surplus or earnings (“Available Assets”), after any distributions or payment is made to any holders of the Corporation’s Series A Preferred Stock, and before any distribution or payment is made to any holders of Common Stock or any class or series of the Corporation’s capital stock which is, with respect to the Junior Stock, an amount per share of Series B Preferred Stock equal to the sum of (1) the Applicable Per Share Stated Value for such share of Series B Preferred Stock, plus (2) declared and unpaid dividends, if any, thereon (the “Series B Liquidation Preference”). The purchase or redemption by the Corporation of shares of any class, in any manner permitted by law, or an Acquisition Transaction shall not, for the purposes hereof, be regarded as a Liquidation. If the Available Assets include assets other than cash, then the value of such non-cash Available Assets shall be determined in good faith by a majority of the entire Board as of the date of the Liquidation. The Corporation shall notify in writing the holders of Series B Preferred Stock as to the Board’s determination of the value of the non-cash Available Assets not later than thirty (30) calendar days prior to such Liquidation. After payment in full of the Series B Liquidation Preference:

-1-
Preference and payment in full on any class or series of the Corporation's capital stock that is entitled to payment prior to the holders of Common Stock, the remaining Available Assets, if any, shall be distributed among the holders of Common Stock in proportion to the number of shares of Common Stock then held by holders of Common Stock.


a. General. Except as otherwise expressly required by law, the Holder of Series B Preferred Stock shall be entitled to vote on all matters submitted to shareholders of the Corporation and shall have the number of votes equal to the number of shares of Common Stock such shares of Series B Preferred Stock are convertible into at such time owned at the record date for the determination of shareholders entitled to vote on such matter or, if no such record date is established, at the date such vote is taken or the date on which any written consent of shareholders is solicited, equal to the number of shares of Common Stock such shares of Series B Preferred Stock are convertible into at such time. Except as otherwise required by law, the holders of Series B Preferred Stock shall vote together with the holders of Common Stock on all matters and shall not vote as a separate class.

5. Conversion. At any time after the Series B Issue Date, any Holder shall be entitled to convert any whole number of shares of Series B Preferred Stock into shares of Common Stock as set forth in this Section 5. For clarification purposes, a Holder shall have the right to convert all or any portion of its shares of Series B Preferred Stock after the delivery of any Conversion Notice (as defined herein) is delivered by such Holder to the Corporation in accordance with this Certificate of Designations. The number of shares of Common Stock which a holder of Series B Preferred Stock shall be entitled to receive upon the conversion of Series B Preferred Stock shall be equal to the quotient obtained by dividing the Applicable Per Share Stated Value by the Conversion Price. The "Conversion Price" shall be equal to $0.05, subject to adjustment as provided hereinafter.

a. Mechanics of Conversion. The conversion of shares of Series B Preferred Stock shall be conducted in the following manner:

i. Holder’s Delivery Requirements. To convert shares of Series B Preferred Stock into Common Shares on any date (the "Conversion Date"), the Holder shall (A) transmit by email (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York City Time, on such date, a copy of a properly completed notice of conversion executed by the registered Holder of the shares of Series B Preferred Stock subject to such conversion in the form attached hereto as Exhibit A (the "Conversion Notice") to the Corporation and (B) if required, surrender to a common carrier for delivery to the Corporation as soon as practicable following such date the original certificates representing the shares of Series B Preferred Stock being converted (the "Preferred Share Certificates").

ii. Corporation’s Response. On or before the second (2nd) Trading Day following the date of receipt by the Corporation of such Conversion Notice (the "Share Delivery Date"), the Corporation shall issue and deliver to the address as specified in the Conversion Notice, in book entry form if such issuance is permitted by the Corporation’s
iii. Maximum Conversion. Notwithstanding anything to the contrary set forth in this Certificate of Designation, at no time may all or a portion of shares of Series B Preferred Stock be converted if the number of shares of Common Stock to be issued pursuant to such conversion would cause the holder's beneficial ownership to exceed, when aggregated with all other shares of Common Stock beneficially owned (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, and the rules thereunder) by such Holder at such time, more than 4.99% of all of the Common Stock issued and outstanding at such time (which provision may be waived by such Holder by written notice from such Holder to the Corporation, which notice shall be effective 61 calendar days after the date of such notice). Notwithstanding such waiver, in no event shall the Series B Preferred Stock be converted if after giving effect to the conversion, the Holder would beneficially own more than 9.99% of all of the Common Stock issued and outstanding at such time. For purposes of this Section 5, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Corporation's most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Corporation or (3) any other notice by the Corporation or its stock transfer agent setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of a Holder, the Corporation shall within one (1) business day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including shares of Series B Preferred Stock, held by such Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported, which in any event are convertible or exercisable, as the case may be, into shares of the Corporation's Common Stock within sixty (60) calendar days' of such calculation and which are not subject to a limitation on conversion or exercise analogous to the limitation contained herein. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitations herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.
b. Intentionally Omitted.

c. Intentionally Omitted.

d. Status of Converted or Repurchased Series B Preferred Stock. Any share of Series B Preferred Stock cancelled pursuant to Section 3, converted into Common Stock or acquired by the Corporation by reason of exchange, purchase or otherwise shall be cancelled and shall not be subject to reissuance, and the capital of the Corporation shall be automatically reduced by a corresponding amount. Upon the cancellation of all outstanding shares of Series B Preferred Stock, the provisions of this Certificate of Designations shall terminate and have no further force and effect.

e. Issue Tax. The issuance of certificates for shares of Common Stock upon conversion of shares of Series B Preferred Stock shall be made without charge to the holders thereof for any issuance, documentary, stamp or other transactional tax in respect thereof, provided that the Corporation shall not be required to pay any such tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the shares of Series B Preferred Stock which is being converted.

f. Closing of Books. The Corporation will at no time close its transfer books against the transfer of any shares of Series B Preferred Stock or of any shares of Common Stock Issued or Issuable upon the conversion of any shares of Series B Preferred Stock in any manner which interferes with the timely conversion of such shares of Series B Preferred Stock.

g. Exercise Of Conversion Privilege; Delivery of Certificates. To exercise its conversion privilege under Section 5(a), a holder of Series B Preferred Stock shall not be required to surrender the certificate or certificates representing the shares being converted to the Corporation at its principal office unless the Holder has fully converted the Series B Preferred Stock. Upon a full conversion, if such certificate(s) have been lost, stolen or destroyed, then the holder shall deliver a certificate executed by such holder certifying to such fact, together with an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by the Corporation in connection with such lost, stolen or destroyed certificate without the posting of any bond or security, and shall give written notice to the Corporation at that office that such holder elects to convert such shares. Such written notice shall state the date on, or the time at which, the conversion is to be deemed effective and any conditions to such effectiveness. If such written notice does not state any such date, time or conditions, then the date when such written notice of exercise of the conversion privilege is received by the Corporation, and if applicable, the certificate or certificates representing the shares of Series B Preferred Stock being converted (or, if applicable, the certification and indemnity agreement described above), shall be the date on which the conversion is deemed effective. The date or time at which any conversion of Series B Preferred Stock is deemed effective under this Section 5(h) is referred to in this Certificate of Designations as the "Conversion Date." Any notice required to be provided by a holder of Series B Preferred Stock under this Section 5(h) shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. When the holder surrenders the certificate or certificates for shares of Series B Preferred Stock for conversion it shall be accompanied by proper assignment thereof to
the Corporation or in blank. As promptly as practicable after the Conversion Date for the Series B Preferred Stock being converted, the Corporation shall issue and deliver to the holder of the shares of Series B Preferred Stock being converted, or on its written order, such certificate or certificates as it may request for the number of whole shares of Common Stock issuable upon the conversion of such shares of Series B Preferred Stock in accordance with the provisions of Section 5, and cash, as provided in Section 5(i) in respect of any fraction of a share of Common Stock issuable upon such conversion. At such time as any conversion of shares of Series B Preferred Stock is effective, the rights of the holder as holder of the converted shares of Series B Preferred Stock shall cease and the person(s) in whose name(s) any certificate(s) for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby, regardless of whether the certificates that represented the converted shares of Series B Preferred Stock have been surrendered by the holder thereof.

h. Fractional Shares; Distributions; Partial Conversion. No fractional shares of Common Stock shall be issued upon conversion of shares of Series B Preferred Stock into shares of Common Stock and no payment or adjustment shall be made upon any conversion on account of any cash distributions on the shares of Common Stock issued upon such conversion. If any fractional shares of Common Stock would, except for the provisions of the first sentence of this Section 5(i), be delivered upon such conversion, the Corporation, in lieu of delivering such fractional share, shall pay to the holder surrendering the shares of Series B Preferred Stock for conversion an amount in cash equal to the fair market value of such fractional share as determined in good faith by a majority of the entire Board.

6. Restriction and Limitations. Except as expressly provided herein or as required by law, so long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the vote or written consent of the holders of at least a majority of the then outstanding shares of the Series B Preferred Stock, take any action which would adversely and materially affect any of the preferences, limitations or relative rights of the Series B Preferred Stock.

7. Certain Adjustments.

a. Stock Dividends and Stock Splits. If the Corporation, at any time while the Series B Preferred Stock is outstanding: (A) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation pursuant to the conversion of Series A Preferred Stock or Series B Preferred Stock), (B) subdivide outstanding shares of Common Stock into a larger number of shares, (C) combine (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issue by reclassification of shares of the Common Stock any shares of capital stock of the Corporation, each share of Series B Preferred Stock shall receive such consideration as if such number of shares of Series B Preferred Stock had been, immediately prior to such foregoing dividend, distribution, subdivision, combination or reclassification, the holder of the number of shares of Common Stock into which it could convert at such time. 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, combination or re-classification.

b. **Subsequent Equity Sales.** For a period of two years from the Series B Issue Date, in the event that the Corporation shall, at any time, issue or sell any additional shares of Common Stock or Common Stock Equivalents (hereafter defined) ("Additional Shares of Common Stock"), in a transaction other than an Exempt Issuance, at a price per share less than the Conversion Price then in effect or without consideration (a "Dilutive Issuance" based on a "Dilutive Issuance Price"), then the Conversion Price upon each such issuance shall be reduced to the Dilutive Issuance Price, and the number of shares Common Stock issuable upon conversion of the Series B Preferred Stock shall be increased on a full ratchet basis to the number of shares of Common Stock determined by multiplying the Conversion Price then in effect immediately prior to such adjustment by the number of shares of Common Stock acquirable upon conversion of the Series B Preferred Stock immediately prior to such adjustment and dividing the product thereof by the Conversion Price resulting from such adjustment. By way of example, if E is the total number of shares of Common Stock in effect pursuant to a conversion of the Series B Preferred Stock immediately prior to such Dilutive Issuance, F is the Conversion Price in effect immediately prior to such Dilutive Issuance, and G is the Dilutive Issuance Price, the adjustment to the number of shares of Common Stock issuable can be expressed in the following formula: Total number of shares of Common Stock after such Dilutive Issuance = the quotient obtained from dividing [E x F] by G.

8. **Intentionally Omitted.**

9. **Events of Default**

(a) **Events of Default.** "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) the Corporation shall fail to observe or perform any covenant or agreement contained under this Certificate of Designations (other than a breach by the Corporation of its obligations to deliver shares of Common Stock to the Holder upon conversion, which breach is addressed in clause (iv) below) which failure is not cured, if possible to cure, within two Business Days after notice of such failure sent by the Holder or by any other Holder to the Corporation;

(ii) the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market and shall not be eligible to resume listing or quotation for trading thereon within two Business Days. "Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, or any market of the OTC Markets, Inc. (other than OTC Pink) (or any successors to any of the foregoing);
(iii) the Corporation shall have failed to authorize and reserve the amount of shares of Common Stock designated in Section 13 herein (without regard to any limitations on conversion hereof, including without limitation, any beneficial ownership limitations contained herein) and shall not have cured such failure within two (2) Business Days of such failure;

(iv) the Corporation shall fail for any reason, except if caused by the action or inaction of the Holder to deliver certificates to a Holder within two Business Days after delivery by a holder of a Conversion Notice; or

(v) the Corporation does not meet the current public information requirements under Rule 144 in respect of the shares of Common Stock issuable upon conversion of the Series B Preferred Stock.

(b) **Stated Value Upon Event of Default.** If any Event of Default occurs and is not cured as provided for herein, the Applicable Per Share Stated Value and the number of shares of Common Stock each Holder shall be entitled to receive upon conversion of one share of Series B Preferred Stock shall increase by 107%.

10. Lost or Stolen Certificates. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of any share certificates representing the shares of Series B Preferred Stock, and, in the case of loss, theft or destruction, of an indemnification undertaking by the holder of such Series B Preferred Stock to the Corporation in customary form without submitting a bond or other security and, in the case of mutilation, upon surrender and cancellation of the share certificate(s), the Corporation shall execute and deliver new share certificate(s) of like tenor and date; provided, however, the Corporation shall not be obligated to re-issue share certificates if such holder contemporaneously requests the Corporation to convert such shares of Series B Preferred Stock into shares of Common Stock.

11. No Dilution or Impairment. The Corporation will not, by amendment of this Certificate of Designations or the Certificate of Incorporation or through any reorganization, transfer of capital stock or assets, consolidation, merger, recapitalization, share exchange, dissolution, Issue of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Series B Preferred Stock set forth herein, but will at all times in good faith assist in carrying out all of such terms.

12. Notices of Record Date. In the event of (a) any taking by the Corporation of a record of the holders of any class or series of the Corporation’s capital stock or other securities for the purpose of determining the holders thereof who are entitled to receive any dividends or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of capital stock of any class or series or any other securities or property, or to receive any other right; (b) any capital reorganization, any reclassification of the capital stock of the Corporation or other change in the capital stock of the Corporation, any merger, consolidation or reorganization, or share exchange involving the Corporation or any Subsidiary, or any sale, conveyance, disposition, exclusive license, lease or other transfer, whether pursuant to a single transaction or series of related transactions, of all or substantially all of the assets of the Corporation or any Subsidiary; or (c) any Liquidation; then and in each such event the Corporation shall deliver notice to each
holder of Series B Preferred Stock specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, sale, conveyance, disposition, exclusive license, lease, transfer, consolidation, merger, or Liquidation is expected to become effective, and (iii) the time, if any, that is to be fixed, as to when the holders of record of any such capital stock or other securities shall be entitled to exchange their shares of any such capital stock or other securities for cash, securities or other property deliverable upon such reorganization, reclassification, recapitalization, sale, conveyance, disposition, exclusive license, lease, transfer, consolidation, merger, share exchange or Liquidation. Such notice shall be sent at least twenty (20) calendar days prior to the date specified in such notice on which action is being taken.

13. Reservation Of Capital Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series B Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred Stock (including any shares of Series B Preferred Stock represented by any warrants, options, subscription or purchase rights for Series B Preferred Stock). If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock (including any shares of Series B Preferred Stock represented by any warrants, options, subscriptions or purchase rights for such Series B Preferred Stock), the Corporation shall take such action as may be necessary and use its best efforts to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose. Upon request of a Holder, the Corporation shall provide confirmation from the Corporation's transfer agent that the share reservation required under this Section 13 has been met. If the share reservation required is not met under this Section 13, the Company agrees to take all necessary corporate actions in order to obtain shareholder approval and file an amendment to its Certificate of Incorporation as expeditiously as possible to increase its authorized shares of Common Stock to a number that satisfies such requirement. If after 75 days from initial issuance of Series B Preferred Stock, the Corporation at any time fails to meet the share reservation requirement, it shall pay the Holders as partial liquidated damages and not as a penalty a sum equal to $6.25 per day for each share of Series B Preferred Stock held by the Holders until the share reservation requirement has been met. Nothing herein shall limit Holder's right to pursue actual damages for failing to meet the requirements under this Section 13.

14. Notices. Whenever written notice is required to be given by the Corporation or any stockholder to holders of Series B Preferred Stock, or by any stockholder to the Corporation, such notice shall be in writing and unless otherwise required by this Certificate of Designations or Delaware law, shall be deemed sufficient upon receipt when delivered personally, by courier, or by electronic mail (to the extent notification by electronic mail has previously been consented to), if such notice is sent to the party at the most recent address or email address as shown on the books of the Corporation or to the Corporation at the address of its principal place of business.

15. Definitions. For purposes of this Certificate of Designations, the following terms used herein shall have the meanings ascribed below:
a. "Acquisition Transaction" means: (a) any sale, conveyance, disposition, exclusive license, lease or other transfer, whether pursuant to a single transaction or a series of related transactions, of all or substantially all of the assets of the Corporation and/or its Subsidiaries, determined on a consolidated basis; (b) the acquisition of the Corporation by another Person by means of any transaction or series of related transactions (including, without limitation, any consolidation, merger, reorganization, sale of stock, recapitalization, share exchange, or other transaction involving the Corporation or any Subsidiary), that results in the holders of the Corporation's outstanding shares of capital stock immediately prior to any such transaction not holding (by virtue of such securities issued solely pursuant to such transaction), immediately after such transaction, securities representing at least a majority of the voting power of the Person surviving or resulting from such transaction or, if the surviving or resulting Person is a subsidiary of the Corporation or another Person immediately after such transaction, the entity whose securities are issued pursuant to such transaction or series of transactions; or (c) the effectuation by the Corporation or by any of the holders of the Corporation's outstanding capital stock of a transaction or series of related transactions that results in the holders of the Corporation's outstanding capital stock immediately prior to any such transaction not holding (by virtue of such securities issued solely pursuant to such transaction) immediately after such transaction, securities representing at least a majority of the voting power of the Corporation.

b. "Applicable Per Share Stated Value" means with respect to the Series B Preferred Stock, $1.250 per share, subject to appropriate and proportionate adjustment for stock dividends, stock splits and other subdivisions and combinations of, and recapitalizations and like occurrences.

c. "Available Assets" has the meaning as set forth in Section 3.

d. "Board" means the Board of Directors of the Corporation.

e. "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

f. "Common Stock" means shares of common stock, par value $0.001 per share of the Corporation.

g. "Common Stock Equivalents" means any securities of the Corporation which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

h. "Conversion Date" has the meaning set forth in Section 5(h).

i. "Conversion Price" has the meaning as set forth in Section 5.

j. "Exempt Issuance" means the issuance of Common Stock pursuant to the conversion of the Corporation's Series A Preferred Stock or Series B Preferred Stock.
k. "Issue" or "Issuance" in any of its forms, means to sell, grant or otherwise issue in any manner.

l. "Junior Stock" means, with respect to any particular class or series of the Corporation's capital stock, any other class or series of the Corporation's capital stock (a) specifically ranking by its terms to be junior to Series B Preferred Stock or (b) not specifically ranking by its terms senior to or on parity with Series B Preferred Stock, in each case, as to distribution of assets upon a Liquidation or otherwise.

m. "Liquidation" has the meaning set forth in Section 3.

n. "Person" means any natural person, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, proprietorship, joint venture, trust, association, union, entity or other form of business organization or any governmental or regulatory authority whatsoever.

o. [Reserved]

p. "Series B Issue Date" means, with respect to a share of Series B Preferred Stock, the date upon which such share of Series B Preferred Stock was Issued by the Corporation.

q. "Series B Liquidation Preference" has the meaning set forth in Section 3.

r. "Series B Preferred Stock" has the meaning set forth in Section 1.

s. "Subsidiary" or "Subsidiaries" means any Person of which the Corporation, directly or indirectly through one or more intermediaries owns or controls at the time at least fifty percent (50%) of the outstanding voting equity or similar interests or the right to receive at least fifty percent (50%) of the profits or earnings or aggregate equity value.

t. "Trading Day" means a day on which the New York Stock Exchange is open for business.

16. **Series B Preferred Stock Register.** The Corporation shall maintain at its principal executive offices (or such other office or agency of the Corporation as it may designate by notice to the Holders), a register for the Series B Preferred Stock, in which the Corporation shall record the name, address and email address of the persons in whose name the shares of Series B Preferred Stock have been issued, as well as the name and address of each transferee. The Corporation may treat the person in whose name any Series B Preferred Stock is registered on the register as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any properly made transfers.

17. **Shareholder Matters.** Any shareholder action, approval or consent required, desired or otherwise sought by the Corporation pursuant to the laws of the State of Delaware, this Certificate of Designation or otherwise with respect to the issuance of Series B Preferred Stock or
the shares of Common Stock issuable upon conversion thereof may be effected by written consent of the Corporation's shareholders or at a duly called meeting of the Corporation's shareholders, all in accordance with the Delaware General Corporation Law.

18. **Governing Law.** All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations of Series B Convertible Preferred Stock of MassRoots, Inc. to be signed by its Chief Executive Officer on this 8th day of July, 2019.

MASSROOTS, INC.

By: [Signature]

Name: Isaac Dietrich
Title: Chief Executive Officer
MASSROOTS, INC.
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of the Series B Convertible Preferred Stock (the “Certificate of Designations”) of MassRoots, Inc. (the “Corporation”). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of shares of Series B Preferred Stock of the Corporation indicated below into shares of common stock of the Corporation, as of the date specified below.

Date of Conversion: ________________________________

Number of Preferred Shares to be converted: ________________________________

Share certificate no(s). of Preferred Shares to be converted: ________________________________

Tax ID Number (If applicable): ________________________________

Conversion Price: ________________________________

Number of shares of Common Stock to be issued: ________________________________

Please issue the shares of Common Stock into which the Preferred Shares are being converted in the following name and to the following address:

Issue to: ________________________________

Address: ________________________________

Telephone Number: ________________________________

Facsimile Number: ________________________________

Holder: ________________________________

By: ________________________________

Title: ________________________________

Dated: ________________________________

Account Number (if electronic book entry transfer): ________________________________

Transaction Code Number (if electronic book entry transfer): ________________________________
MASSROOTS, INC.

SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF SECURITIES

MASSROOTS, INC., a Delaware corporation (the “Company”), is offering (this “Offering”) for sale to “accredited investors” as the term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (the “Act”), units (“Units”) with each Unit consisting of one (1) share of Series B Preferred Stock (“Series B Preferred Stock”) (each convertible into 25,000 shares of Common Stock (“Common Stock”)) and a warrant to purchase twenty-five thousand (25,000) shares (the “Warrant Shares”) of Common Stock (“Warrant”), together with the Series B Preferred Stock and the Warrant Shares, the “Securities”) for the purchase price noted below. Each unit is being sold at a price of $1,250 per Unit. The minimum investment is $25,000, unless the Company waives such requirement in its sole discretion.

Subscription Procedures

(a) The undersigned hereby subscribes to purchase ___________ Units. The undersigned agrees to pay an aggregate of $___________ as the subscription amount for the Units being purchased hereunder (the “Subscription Amount”).

(b) To subscribe, the undersigned must:

(i) complete and sign this Subscription Agreement;

(ii) complete and sign the accompanying Confidential Prospective Purchaser Questionnaire, attached hereto as Exhibit A (Subscription Agreement, together with the Confidential Prospective Purchaser Questionnaire collectively referred to as the “Subscription Documents”);

(iii) return the completed and signed Subscription Documents on behalf of the Company at the following address:

Sheppard, Mullin, Richter & Hampton LLP
30 Rockefeller Plaza
New York, NY 10112
Attn: Andrea Cataneo, Esq.

(iv) Deliver a check payable to “MassRoots, Inc.” for an amount equal to the aggregate amount of Units subscribed for in this Offering.

Or wire the funds to:

[ ]

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(c) Unless terminated earlier, by the Company, in its sole discretion, the Offering is scheduled to terminate on July 31, 2019 (subject to the right of the Company to extend the offering until August 31, 2019 without further notice to investors)(the “Offering Period”).

(d) The Company will hold a closing and issue the Units upon the receipt and acceptance of the Subscription Documents and the Subscription Amount (each a “Closing”). The date of each such Closing is referred to herein as the Closing Date.

(e) All subscription proceeds will be deposited into the Company’s bank account as provided herein. Upon each Closing, the funds, subject to the payment of the expenses and fees incurred in connection with this Offering, will be immediately available to the Company. In the event that an investor’s subscription is rejected by the Company, or this Offering is terminated for any reason without a Closing, the Subscription Amount will be promptly refunded without interest thereon or deduction therefrom.

Prospective investors should retain their own professional advisors to review and evaluate the economic, tax, and other consequences of an investment in the Company.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”), NOR HAS THE COMMISSION OR ANY STATE AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFERING MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

IT IS INTENDED THAT THE SECURITIES OFFERED HEREBY WILL BE MADE AVAILABLE TO ACCREDITED INVESTORS, AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”) AND UP TO THIRTY-FIVE NON-ACCREDITED INVESTORS. THE SECURITIES OFFERED HEREBY ARE BEING OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS FOR NON-PUBLIC OFFERINGS. SUCH EXEMPTIONS LIMIT THE NUMBER AND TYPES OF INVESTORS TO WHICH THE OFFERING WILL BE MADE AND RESTRICT SUBSEQUENT TRANSFERS OF THE INTERESTS.

THE SECURITIES OFFERED HEREBY SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN AFFORD TO SUSTAIN A LOSS OF THEIR ENTIRE INVESTMENT. INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS OF THIS OFFERING.

NO SECURITIES MAY BE RESOLD OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, REGISTRATION UNDER THE APPLICABLE FEDERAL OR STATE SECURITIES LAWS IS NOT REQUIRED OR COMPLIANCE IS MADE WITH SUCH REGISTRATION REQUIREMENTS.

THE OFFEREES, BY ACCEPTING DELIVERY OF THE OFFERING MATERIALS, AGREES TO RETURN THE OFFERING MATERIALS AND ALL ACCOMPANYING OR RELATED DOCUMENTS TO THE COMPANY UPON REQUEST IF THE OFFEREES DO NOT AGREE TO PURCHASE ANY OF THE SECURITIES OFFERED HEREBY.

ANY OFFERING MATERIALS SUBMITTED IN CONNECTION WITH THE PRIVATE PLACEMENT OF THE SECURITIES DO NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. ANY REPRODUCTION OR DISTRIBUTION OF ANY OFFERING MATERIALS IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF THEIR CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED. ANY PERSON ACTING CONTRARY TO THE FOREGOING RESTRICTIONS MAY PLACE HIM/HERSELF AND THE COMPANY IN VIOLATION OF FEDERAL OR STATE SECURITIES LAWS.
NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

The undersigned acknowledges that the Securities (other than any Common Stock issued upon conversion thereof) will not be registered under the 1933 Act, or the securities laws of any State, that absent an exemption from registration contained in those laws, the issuance and sale of such Securities would require registration, and that the Company’s reliance upon such exemption is based upon the undersigned’s representations, warranties, and agreements contained in the Offering Materials (as defined below).

1. The undersigned represents, warrants, and agrees as follows:

   (a) The undersigned agrees that this Subscription Agreement is and shall be irrevocable.

   (b) The undersigned has carefully read the private placement memorandum (the “Memorandum”), this Subscription Agreement, the Warrant and the Confidential Prospective Purchaser Questionnaire (collectively the “Offering Materials”), all of which the undersigned acknowledges have been provided to the undersigned. The undersigned has been given the opportunity to ask questions of, and receive answers from the Company concerning the terms and conditions of this Offering and the Offering Materials and to obtain such additional written information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the same as the undersigned desires in order to evaluate the investment. The undersigned further acknowledges that the undersigned fully understands the Offering Materials, and the undersigned has had the opportunity to discuss any questions regarding any of the Offering Materials with the undersigned’s counsel or other advisor. Notwithstanding the foregoing, the only information upon which the undersigned has relied is that set forth in the Offering Materials and the undersigned’s own independent investigation. The undersigned acknowledges that the undersigned has received no representations or warranties from the Company or its employees, director, or agents in making this investment decision other than as set forth in the Offering Materials.
(c) The undersigned is aware that the purchase of the Securities is a speculative investment involving a high degree of risk and that there is no guarantee that the undersigned will realize any gain from this investment, and that the undersigned could lose the total amount of the undersigned’s investment.

(d) The undersigned understands that no federal or state agency has made any finding or determination regarding the fairness of this Offering of the Securities for investment, or any recommendation or endorsement of this Offering of the Securities.

(e) At the time the undersigned was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants, it will be an “accredited investor” as that term is defined in Rule 501(a) of Regulation D under the 1933 Act. The undersigned has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the purchase of the Securities. The undersigned is not registered as a broker or dealer under Section 15(a) of the 1934 Act, affiliated with any broker or dealer registered under Section 15(a) of the Securities Exchange Act of 1934, as amended, or a member of the Financial Industry Regulatory Authority.

(f) Each of this Agreement and the Offering Materials have been duly and validly authorized, executed and delivered on behalf of the undersigned and is a valid and binding agreement of the undersigned enforceable against the undersigned in accordance with their terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors’ rights and remedies. The undersigned has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the Offering Materials and each other agreement entered into by the parties hereto in connection with the transactions contemplated by this Agreement.

(g) The execution, delivery and performance of this Agreement and the Offering Materials by the undersigned and the consummation by the undersigned of the transactions contemplated hereby and thereby will not (i) result in a violation of the certificate of incorporation, by-laws or other documents of organization of the undersigned, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the undersigned is bound, or (iii) result in a violation of any law, rule, regulation or decree applicable to the undersigned.

(h) The undersigned understands that the Securities must be held indefinitely unless and until such Securities are registered under the 1933 Act or an exemption from registration is available. The undersigned has been advised or is aware of the provisions of Rule 144 promulgated under the 1933 Act.

(i) The undersigned understands that the Securities are being offered and sold in reliance on a transactional exemption from the registration requirements of Federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the undersigned set forth herein in order to determine the applicability of such exemptions and the suitability of the undersigned to acquire the Securities.
(j) The undersigned is purchasing the Securities for the undersigned’s own account, with the intention of holding the Securities, with no present intention of dividing or allowing others to participate in this investment or of reselling or otherwise participating, directly or indirectly, in a distribution of the Securities, and shall not make any sale, transfer, or pledge thereof without registration under the 1933 Act and any applicable securities laws of any state or unless an exemption from registration is available under those laws.

(k) The undersigned represents that the undersigned, if an individual, has adequate means of providing for his or her current needs and personal and family contingencies and has no need for liquidity in this investment in the Securities. The undersigned has no reason to anticipate any material change in his or her personal financial condition for the foreseeable future.

(l) The undersigned is financially able to bear the economic risk of this investment, including the ability to hold the Securities indefinitely or to afford a complete loss of the undersigned’s investment in the Securities.

(m) The undersigned represents that the undersigned’s overall commitment to this investment is not disproportionate to the undersigned’s net worth, and the undersigned’s investment in the Securities will not cause such overall commitment to become excessive. The undersigned understands that the statutory basis on which the Securities are being sold to the undersigned and others would not be available if the undersigned’s present intention were to hold the Securities for a fixed period or until the occurrence of a certain event. The undersigned realizes that in the view of the Commission, a purchase now with a present intent to resell by reason of a foreseeable specific contingency or any anticipated change in the market value, or in the condition of the Company, or that of the industry in which the business of the Company is engaged or in connection with a contemplated liquidation, or settlement of any loan obtained by the undersigned for the acquisition of the Securities, and for which such Securities may be pledged as security or as donations to religious or charitable institutions for the purpose of securing a deduction on an income tax return, would, in fact, represent a purchase with an intent inconsistent with the undersigned’s representations to the Company and the Commission would then regard such sale as a sale for which the exemption from registration is not available. The undersigned will not pledge, transfer, or assign this Subscription Agreement.

(n) The undersigned represents that the funds provided for this investment are either separate property of the undersigned, community property over which the undersigned has the right of control, or are otherwise funds as to which the undersigned has the sole right of management.

(n) The undersigned is unaware of, is in no way relying on, and did not become aware of the Offering of the Securities through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or over the Internet, in connection with the offering and sale of the Securities and is not subscribing for the Securities and did not become aware of the Offering through or as a result of any seminar or meeting to which the undersigned was invited by, or any solicitation of a subscription by, a person not previously known to the undersigned in connection with investments in securities generally.
The undersigned has taken no action which would give rise to any claim by any person for brokerage commissions, finders’ fees or the like relating to this Subscription Agreement or the transactions contemplated hereby.

The undersigned, if a natural person, represents that the undersigned has reached the age of 21 and has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof.

The undersigned acknowledges that any and all estimates or forward-looking statements or projections included in the Memorandum were prepared by the Company in good faith, but that the attainment of any such projections, estimates or forward-looking statements cannot be guaranteed, will not be updated by the Company and should not be relied upon.

No oral or written representations have been made, or oral or written information furnished, to the undersigned or its advisors, if any, in connection with the offering of the Securities which are in any way inconsistent with the information contained in the Memorandum.

The undersigned understands, acknowledges and agrees with the Company that this subscription may be rejected, in whole or in part, by the Company, in the sole and absolute discretion of the Company, at any time before any Closing notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned’s subscription.

For Partnerships, Corporations, Trusts, or Other Entities Only: If the undersigned is a partnership, corporation, trust, or other entity, (i) the undersigned has enclosed with this Subscription Agreement appropriate evidence of the authority of the individual executing this Subscription Agreement to act on its behalf (e.g., if a trust, a certified copy of the trust agreement; if a corporation, a certified corporate resolution authorizing the signature and a certified copy of the certificate of incorporation or articles of incorporation, as applicable; or if a partnership, a certified copy of the partnership agreement), (ii) the undersigned represents and warrants that it was not organized or reorganized for the specific purpose of acquiring the Securities, (iii) the undersigned has the full power and authority to execute this Subscription Agreement on behalf of such entity and to make the representations and warranties made herein on its behalf, and (iv) this investment in the Company has been affirmatively authorized, if required, by the governing board of such entity and is not prohibited by the governing documents of the entity.

The address shown under the undersigned’s signature at the end of this Subscription Agreement is the undersigned’s principal residence if he or she is an individual, or its principal business address if a corporation or other entity.
(v) The undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities.

(w) The undersigned acknowledges that the certificates for the Securities which the undersigned will receive will contain a legend substantially as follows:

“THE SECURITIES WHICH ARE REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNTIL A REGISTRATION STATEMENT WITH RESPECT THERETO IS DECLARED EFFECTIVE UNDER SUCH ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE COMPANY THAT AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT IS AVAILABLE.”

2. The undersigned expressly acknowledges and agrees that the Company is relying upon the undersigned’s representations contained in the Offering Materials.

3. The undersigned subscriber acknowledges that he/she/it understands the meaning and legal consequences of the representations and warranties which are contained herein and hereby agrees to indemnify, save and hold harmless the Company and its officers, directors and counsel, from and against any and all claims or actions arising out of a breach of any representation, warranty or acknowledgment of the undersigned contained in any of the Offering Materials. Such indemnification shall be deemed to include not only the specific liabilities or obligations with respect to which such indemnity is provided, but also all reasonable costs, expenses, counsel fees and expenses of settlement relating thereto, whether or not any such liability or obligation shall have been reduced to judgment. In addition, the undersigned’s representations, warranties, and indemnification contained herein shall survive the undersigned’s purchase of the Securities hereunder. The undersigned specifically acknowledges that he/she/it has reviewed the risks set forth in the Offering Materials, as well as the financial statements included therein.

4. The Company represents that it has been duly and validly incorporated and is validly existing and in good standing as a corporation under the laws of the State of Delaware. The Company represents that it has all requisite power and authority, and all necessary authorizations, approvals and orders required as of the date hereof to own its properties and conduct its business and to enter into this Subscription Agreement and the other Offering Materials and to be bound by the provisions and conditions hereof or therein. The Company further represents that the securities offered hereby are being offered pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws for non-public offerings.

5. The undersigned agrees and acknowledges that the Company has the right to utilize the services of a placement agent and if utilized, such placement agent may receive a cash commission, at a rate that is compatible with industry standards, from the Securities sold by such placement agent.
6. Except as otherwise specifically provided for hereunder, no party shall be deemed to have waived any of his, her, or its rights hereunder or under any other agreement, instrument, or papers signed by any of them with respect to the subject matter hereof unless such waiver is in writing and signed by the party waiving said right. Except as otherwise specifically provided for hereunder, no delay or omission by any party in exercising any right with respect to the subject matter hereof shall operate as a waiver of such right or of any such other right. A waiver on any one occasion with respect to the subject matter hereof shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. All rights and remedies with respect to the subject matter hereof, whether evidenced hereby or by any other agreement, instrument, or paper, will be cumulative, and may be exercised separately or concurrently.

7. The parties have not made any representations or warranties with respect to the subject matter hereof not set forth herein, and this Subscription Agreement, together with any instruments executed simultaneously herewith, constitutes the entire agreement between them with respect to the subject matter hereof. All understandings and agreements heretofore existing between the parties with respect to the subject matter hereof are merged in this Subscription Agreement and any such instrument, which alone fully and completely express their agreement.

8. This Subscription Agreement may not be changed, modified, extended, terminated, or discharged orally, but only by an agreement in writing, which is signed by all of the parties to this Subscription Agreement.

9. The parties agree to execute any and all such other and further instruments and documents, and to take any and all such further actions reasonably required to effectuate this Subscription Agreement and the intent and purposes hereof.

10. If any provision or any portion of any provision of this Subscription Agreement or the application of any such provision or any portion thereof to any person or circumstance, shall be held invalid or unenforceable, the remaining portion of such provision and the remaining portion of such provision as is held invalid or unenforceable to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

11. This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and the undersigned hereby consents to the jurisdiction of the courts of the State of Colorado and/or the United States District Court for Colorado.

12. The purchase of Securities pursuant to this Subscription Agreement is expressly conditioned upon the exemption from qualification of the offer and sale of the Securities from applicable federal and state securities laws.

13. Each of the parties hereto will pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Subscription Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

14. This Subscription Agreement may be executed in one or more counterparts each of which will be deemed an original, but all of which will together constitute one and the same instrument.

15. Each provision of this Subscription Agreement will be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalidity or illegality will not impair the operation of or affect the remaining portions of this Subscription Agreement.

[SIGNATURE PAGES FOLLOW]
IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on this ___ day of ______, 2019.

Unit Subscription Amount $__________

1. □ Individual
2. □ Joint Tenants with Right of Survivorship
3. □ Community Property
4. □ Tenants in Common
5. □ Corporation/Partnership
6. □ IRA of________________
7. □ Trust
   Date Opened _____________
8. □ As A Custodian For________________
    Under the Uniform Transfer to Minors Act of the
    State of ____________
9. □ Married with Separate Property
10. □ Keogh of _____________
EXECUTION BY SUBSCRIBER WHO IS A NATURAL PERSON

_____________________________________________________________________________

Exact Name in Which Title is to be Held

_____________________________________________________________________________

Signature

_____________________________________________________________________________

Name (Please Print)

_____________________________________________________________________________

Title of Person Executing Agreement

_____________________________________________________________________________

Address: Number and Street

_____________________________________________________________________________

City

State

Zip Code

_____________________________________________________________________________

Social Security Number

Accepted this ___ day of ______, 2019, on behalf of MASSROOTS, INC.

By:

Name: Isaac Dietrich
Title: Chief Executive Officer
EXECUTION BY SUBSCRIBER WHICH IS A CORPORATION, PARTNER, TRUST, ETC.

_____________________________________________________________________________

Exact Name in Which Title is to be Held

_____________________________________________________________________________

Signature)

_____________________________________________________________________________

Name (Please Print)

_____________________________________________________________________________

Title of PersonExecuting Agreement

_____________________________________________________________________________

Address: Number and Street

_____________________________________________________________________________

City State Zip Code

_____________________________________________________________________________

Tax Identification Number

Accepted this ___ day of ______, 2019, on behalf of MASSROOTS, INC.

By:

Name: Isaac Dietrich
Title: Chief Executive Officer
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. JULY 2019 1-__

Issuance Date: July __, 2019

MassRoots, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), hereby certifies that, for value received, _________ or its assign(s) (the “Holder”), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter, to purchase from the Company up to a total of twenty five thousand (25,000) 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 seven and one-half cents ($0.075) per share (the “Exercise Price”). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Certificate of Designation for Series B Preferred Stock filed on July __, 2019 (the “COD”). This warrant (“Warrant”) may be exercised any time after the Issuance Date through and including the third (3rd) anniversary of the Issuance Date (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 Issuance Date.

(c) This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company in accordance with an exemption from registration under the Securities Act of 1933 (the “Securities Act”) including what is referred to as Section 4(a)(1½) and/or 4(a)(7) and applicable state securities laws.

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., Eastern time, at any time and from time to time on or after the Issuance Date to and including the Expiration Date. At 4:59 P.M., Eastern time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be automatically exercised on a cashless basis under Section 8(b) 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 5 and Section 9 hereof, upon: (x) providing the Form of Election to Purchase, attached hereto as Exhibit A (the “Notice of Election”), duly completed and signed, to the Company at its address for notice set forth in Section 10 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 two 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 pursuant to Rule 144 (including without volume restrictions pursuant to Rule 144) 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) if exercised in full, 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. Notwithstanding anything herein to the contrary (although the Holder may surrender the Warrant to, and receive a replacement Warrant from, the Company), the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within two business days of the date the Form of Election is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases.
(c) This Warrant shall be exercisable in its entirety or, from time to time, for a portion of the number of Warrant Shares. In the event the Common Stock representing the Warrant Shares is not delivered per the written instructions of the Holder within two 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 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 2.0% of the dollar value of the Warrant Shares to be issued after the Delivery Date for every 30 days thereafter that the Warrant Shares are not delivered. If any period is less than 30 days, the payment shall be pro-rated. 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 Warrant Shares pursuant to the terms of this Warrant. The Company shall make any payments incurred under this Section 3 in immediately available funds within five business days from the date the Warrant Shares should have been delivered and each 30 day period thereafter. 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 Warrant Shares. For the purposes of this Section 3(c), the “dollar value” of the Warrant Shares shall be the closing price of the Company’s common stock on 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. The Holder shall not be required to post a bond or other security.
6. **Reservation of Warrant Shares.**

   (a) The Company covenants that it will reserve from its authorized and unissued Common Stock, solely for the purpose of the exercise of this Warrant, no less than 100% of such aggregate maximum number of Warrant Shares then issuable upon the exercise of this Warrant (the “**Required Reserve Amount**”). The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

   (b) If, at any time while this Warrant remains outstanding, the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve the Required Reserve Amount (an “**Authorized Share Failure**”), then the Company shall immediately take all action necessary to increase the Company’s authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for all the Warrants then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than 75 days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders’ approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. In lieu of holding a meeting of stockholders, the Company may take such action by consent of its stockholders by the above date in compliance with Section 14(c) of the Securities Exchange Act of 1934 (the “**Exchange Act**”). After the 75 day cure period provided for in this Section 6(b), upon the occurrence of an Authorized Share Failure, the liquidated damages provided for in Section 3(c) shall apply with payments due each 30 days.
(c) Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

(d) Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

7. Certain Adjustments.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case 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 immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the total consideration required to exercise this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 7(a) shall become effective immediately upon the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately upon the effective date in the case of a subdivision, combination or re-classification.
(b) **Subsequent Equity Sales.** For a period of two years from the Issuance Date, in the event that the Company shall, at any time, issue or sell any additional shares of Common Stock or Common Stock Equivalents (hereafter defined) (“Additional Shares of Common Stock”), in a transaction other than an Exempt Issuance, at a price per share less than the Exercise Price then in effect or without consideration (a “Dilutive Issuance” based on a “Dilutive Issuance Price”), then the Exercise Price upon each such issuance shall be reduced to the Dilutive Issuance Price, and the number of Warrant Shares (excluding Warrant Shares previously exercised) shall be increased on a full ratchet basis to the number of shares of Common Stock determined by multiplying the Exercise Price then in effect immediately prior to such adjustment by the number of Warrant Shares (excluding Warrant Shares previously exercised) acquirable upon exercise of this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. By way of example, if E is the total number of Warrant Shares in effect immediately prior to such Dilutive Issuance, F is the Exercise Price in effect immediately prior to such Dilutive Issuance, and G is the Dilutive Issuance Price, the adjustment to the number of Warrant Shares can be expressed in the following formula: Total number of Warrant Shares after such Dilutive Issuance = the quotient obtained from dividing E x F by G. “Exempt Issuance” means the issuance of Common Stock pursuant to an exercise of this Warrant. “Common Stock Equivalents” means any securities of the Company which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

If the price per share for which Additional Shares of Common Stock are sold, or may be issuable pursuant to any such Common Stock Equivalent, is less than the applicable Exercise Price then in effect, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the applicable Exercise Price in effect at the time of such amendment or adjustment, then the applicable Exercise Price and number of Warrant Shares shall be adjusted upon each such issuance or amendment as provided in this Section 7(b). In case any Common Stock Equivalent is issued in connection with the issue or sale of other securities of the Company, together comprising one integrated transaction, (x) the Common Stock Equivalents will be deemed to have been issued for the Option Value of such Common Stock Equivalents and (y) the other securities issued or sold in such integrated transaction shall be deemed to have been issued or sold for the difference of (I) the aggregate consideration received by the Company less any consideration paid or payable by the Company pursuant to the terms of such other securities of the Company, less (II) the Option Value. If any shares of Common Stock or Common Stock Equivalents are issued or sold for cash, the amount of such consideration received by the Company will be deemed to be the net amount received by the Company therefor. If any shares of Common Stock or Common Stock Equivalents are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company will be the VWAP of such public traded securities on the date of receipt. If any shares of Common Stock or Common Stock Equivalents are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Common Stock Equivalents, as the case may be.
“Option Value” means the value of a Common Stock Equivalent based on the Black Scholes Option Pricing model obtained from the “OV” function on Bloomberg L.P. determined as of (A) the Trading Day prior to the public announcement of the issuance of the applicable Common Stock Equivalent, if the issuance of such Common Stock Equivalent is publicly announced or (B) the Trading Day immediately following the issuance of the applicable Common Stock Equivalent if the issuance of such Common Stock Equivalent is not publicly announced, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of the applicable Common Stock Equivalent as of the applicable date of determination, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg L.P. as of (A) the Trading Day immediately following the public announcement of the applicable Common Stock Equivalent if the issuance of such Common Stock Equivalent is publicly announced or (B) the Trading Day immediately following the issuance of the applicable Common Stock Equivalent if the issuance of such Common Stock Equivalent is not publicly announced, (iii) the underlying price per share used in such calculation shall be the highest VWAP of the Common Stock during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the issuance of the applicable Common Stock Equivalent and ending on (A) the Trading Day immediately following the public announcement of such issuance, if the issuance of such Common Stock Equivalent is publicly announced or (B) the Trading Day immediately following the issuance of the applicable Common Stock Equivalent if the issuance of such Common Stock Equivalent is not publicly announced, (iv) a zero cost of borrow and (v) a 360 day annualization factor.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

The provisions of this Section 7(b) shall apply each time the Company, at any time after the Issuance Date and prior to the date that is two years from Original Issuance Date, shall issue any securities with a Dilutive Issuance Price.

(c) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.
(d) **Notice; Variable Rate Transactions.** The Company shall notify the Holder, in writing, no later than the business day following the issuance or deemed issuance of any Common Stock or Common Stock Equivalents subject to Section 7(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms. If the Company enters into a Variable Rate Transaction, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised and the Exercise Price shall be adjusted for the Dilutive Issuance. Variable Rate Transaction means: a transaction in which the Company (i) issues or sells any Common Stock Equivalents either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock, or (ii) enters into any agreement (including, but not limited to, an equity line of credit) whereby the Company may sell securities at a future determined price (other than customary “pre-emptive” or “participation” rights).

(e) **Pro Rata Distributions.** During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a “Distribution”), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder’s right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(f) **Calculations.** All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any, issued and outstanding).

(p) **Notice to Holder.**

(i) **Adjustment to Exercise Price.** Whenever the Exercise Price is adjusted pursuant to any provision of this Section 7, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.
(ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) 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, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, 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 (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 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 the 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 the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided 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. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein. In addition to any other remedies provided by this Agreement or other transaction documents, if the Company provides any material, non-public information to the Holder without its prior written consent, and it fails to immediately (no later than that business day) file a Form 8-K disclosing this material, non-public information, it shall pay the Holder as partial liquidated damages and not as a penalty a sum equal to $1,000 per business day for each $50,000 of the Holder’s subscription amount for which this Warrant was issued beginning with the day the information is disclosed to the Holder and ending and including the day the Form 8-K disclosing this information is filed.
(h) **Fundamental Transaction.** If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a “**Fundamental Transaction**”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation on the exercise of this Warrant), the option of the Holder the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “**Alternate Consideration**”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder’s option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction or (ii) the positive difference between the cash per share paid in such Fundamental Transaction minus the then in effect Exercise Price. “**Black Scholes Value**” means the value of the unexercised portion of this Warrant based on the Black and Scholes Option Pricing Model obtained from the “OV” function on Bloomberg L.P. determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Expiration Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg L.P. as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Expiration Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this **Section 7(h)** pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant prior to such Fundamental Transaction and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein.
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.** If at any time after the six month anniversary of the Issuance Date, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares issuable hereunder by the Holder, this Warrant may be exercised by means of a cashless exercise unless an effective registration statement covers the Warrant Shares and a current prospectus has been filed on www.sec.gov. 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:

\[
\frac{(A \times B) - (A \times C)}{B},
\]

where:

- \(A\) = the number of Warrant Shares with respect to which this Warrant is being exercised.
- \(B\) = the average closing bid price of the Common Stock for the five trading days immediately prior to the Date of Exercise.
- \(C\) = the Exercise Price.

For purposes of Section 4(a)(1) of, and Rule 144 under, 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 Issuance Date.
(c) **Holder’s Exercise Limitations.** The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Election, the Holder (together with the Holder’s Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder’s Affiliates (such Persons, “Attribution Parties”)), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including, without limitation, any other Common Stock equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 8(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 8(c) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Election shall be deemed to be the Holder’s determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder.

For purposes of this Section 8(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company’s most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within three trading days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported.
The “Beneficial Ownership Limitation” shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The limitations contained in this paragraph shall apply to a successor holder of this Warrant. The Holder, upon not less than 61 days’ prior notice to the Company, may increase the Beneficial Ownership Limitation provisions of this Section 8(c) solely with respect to the Holder’s Warrant, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 8(c) shall continue to apply. Any such increase will not be effective until the 61st day after such notice is delivered to the Company. The Holder may also decrease the Beneficial Ownership Limitation provisions of this Section 8(c) solely with respect to the Holder’s Warrant at any time, which decrease shall be effectively immediately upon delivery of notice to the Company.

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

9. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares upon 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 9, 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 (except payment) shall be in writing and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted next business day delivery or by email (followed by next business day delivery), as follows:

If to the Company:

    MassRoots, Inc.
    7083 Hollywood Blvd., Office 4084
    Office 4084
    Los Angeles, CA 90028

If to the Holder:

    __________________________
    __________________________
    __________________________

Or to such other address as any of them, by notice to the other may designate from time to time. Time shall be counted to, or from, as the case may be, the date of delivery.
11. **Warrant Agent**. The Company shall serve as warrant agent under this Warrant. Upon 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.

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(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 shall, by the second business day following the date hereof, file a Current Report on Form 8-K disclosing the material terms of the transactions contemplated hereby and in the other Offering Materials; (iii) 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 (iv) 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.

(j) This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof.
(k) The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other transaction documents, at law or in equity (including a decree of specific performance and/or other injunctive relief or ensuring performance of any obligation herein or preventing a breach of any obligation herein), and nothing herein shall limit the right of the Holder to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to specific performance and an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company’s compliance with the terms and conditions of this Warrant. The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors’ rights and involving a claim under this Warrant, then the Company shall pay the reasonable costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys’ fees and disbursements.

(l) Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

13. 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, as provided for under the Subscription Agreement for which this Warrant was issued.

[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 Warrant Shares 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)
EXCHANGE AGREEMENT

This Exchange Agreement (this “Agreement”), dated as of July [ ], 2019, is made by and among MassRoots, Inc., a Delaware corporation (the “Company”), and each of the holders of the Exchange Securities (as defined below) signatory hereto (each a “Holder”).

WHEREAS, [ ] (“[]”), holds warrants to purchase up to [ ] shares of the Company’s common stock, $0.001 per share (the “Common Stock”) (the “Exchange Securities”) attached hereto as Exhibit A;

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”), the Company desires to exchange with each Holder, and each Holder desires to exchange with the Company, the Exchange Securities held by such Holder for shares of the Company’s Series A Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”) in such amounts to each Holder as set forth on Schedule I attached hereto, and with the rights, preferences, and designations set forth on Exhibit B attached hereto.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Holder, with respect to itself, agree as follows:

1. Terms of the Exchange. The Company and Holder agree that each Holder will exchange the Exchange Securities held by such Holder and will relinquish any and all other rights it may have under the Exchange Securities in exchange for the Series A Preferred Stock owing in respect of such Exchange Securities.

2. Closing. Upon satisfaction of the conditions set forth herein, a closing shall occur at the principal offices of the Company, or such other location as the parties shall mutually agree. At closing, Holder shall deliver the Exchange Securities held by such Holder to the Company and the Company shall deliver to such Holder the Series A Preferred Stock owing in respect of such Exchange Securities. Upon closing, any and all obligations of the Company to Holder under the Exchange Securities shall be fully satisfied, the certificates evidencing the Exchange Securities shall be cancelled and Holder will have no remaining rights, powers, privileges, remedies or interests under the Exchange Securities.

3. Further Assurances

Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

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4. **Representations and Warranties of Each Holder.** Each Holder represents and warrants as of the date hereof and as of the closing to the Company as follows:

   a. **Authorization; Enforcement.** Each Holder has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by each Holder and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of each Holder and no further action is required by each Holder. This Agreement has been (or upon delivery will have been) duly executed by each Holder and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of each Holder enforceable against each Holder in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

   b. **Tax Advisors.** Each Holder has reviewed with its own tax advisors the U.S. federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, each Holder relied solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Each Holder understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

   c. **Information Regarding Holder.** Holder is an “accredited investor,” as such term is defined in Rule 501 of Regulation D promulgated by the United States Securities and Exchange Commission (the “Commission”) under the Securities Act, is experienced in investments and business matters, has made investments of a speculative nature and has purchased securities of companies in private placements in the past and, with its representatives, has such knowledge and experience in financial, tax and other business matters as to enable each Holder to utilize the information made available by the Company to evaluate the merits and risks of and to make an informed investment decision with respect to the proposed purchase, which represents a speculative investment. Holder has the authority and is duly and legally qualified to purchase and own the Series A Preferred Stock. Holder is able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

   d. **Legend.** Each Holder understands that the Series A Preferred Stock will be issued pursuant to an exemption from registration or qualification under the Securities Act and applicable state securities laws, and except as set forth below, the Series A Preferred Stock shall bear any legend as required by the “blue sky” laws of any state and a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

   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.
e. Removal of Legends. Certificates evidencing shares of Common Stock issuable upon the conversion of the Series A Preferred Stock (the “Underlying Shares”) shall not be required to contain the legend set forth in Section 4(d) above or any other legend (i) while a registration statement covering the resale of such securities is effective under the Securities Act, (ii) following any sale of such Series A Preferred Stock pursuant to Rule 144 (assuming the transferee is not an affiliate of the Company), (iii) if such Series A Preferred Stock are eligible to be sold, assigned or transferred under Rule 144 and each Holder is not an affiliate of the Company (provided that each Holder provides the Company with reasonable assurances that such Series A Preferred Stock are eligible for sale, assignment or transfer under Rule 144 which shall include an opinion of each Holder’s counsel), (iv) in connection with a sale, assignment or other transfer (other than under Rule 144), provided that each Holder provides the Company with an opinion of counsel to each Holder, in a generally acceptable form, to the effect that such sale, assignment or transfer of the Series A Preferred Stock (including the Underlying Securities) may be made without registration under the applicable requirements of the Securities Act or (v) if such legend is not required under applicable requirements of the Securities Act (including, without limitation, controlling judicial interpretations and pronouncements issued by the Commission). If a legend is not required pursuant to the foregoing, the Company shall no later than two (2) business days following the delivery by each Holder to the Company or the transfer agent (with notice to the Company) of a legended certificate representing such Series A Preferred Stock (including the Underlying Securities) (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, if applicable), together with any other deliveries from each Holder as may be required above in this Section 4(e), as directed by each Holder, either: (A) provided that the Company’s transfer agent is participating in the DTC Fast Automated Securities Transfer Program, credit the aggregate number of shares of Underlying Shares to which each Holder shall be entitled to upon conversion of the such Series A Preferred Stock held by each Holder to each Holder’s or its designee’s balance account with DTC through its Deposit/Withdrawal at Custodian system or (B) if the Company’s transfer agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver (via reputable overnight courier) to each Holder, a certificate representing such Underlying Shares that is free from all restrictive and other legends, registered in the name of each Holder or its designee. The Company shall be responsible for any transfer agent fees or DTC fees with respect to any issuance of Underlying Shares in accordance herewith.

f. Restricted Securities. Each Holder understands that: (i) the Series A Preferred Stock has not been and is not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) each Holder shall have delivered to the Company (if requested by the Company) an opinion of counsel to each Holder, in a form reasonably acceptable to the Company, to the effect that such Series A Preferred Stock to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) each Holder provides the Company with reasonable assurance that such Series A Preferred Stock can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto) (collectively, “Rule 144”); and (ii) any sale of the Series A Preferred Stock made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Series A Preferred Stock under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the SEC promulgated thereunder.
5. **Representations and Warranties of the Company.** The Company hereby makes the following representations and warranties to each Holder:

a. **Authorization; Enforcement.** The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement (collectively, the “Exchange Documents”) and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors of the Company or the Company’s stockholders in connection therewith, including, without limitation, the issuance of the Series A Preferred Stock have been duly authorized by the Company’s Board of Directors and no further filing, consent, or authorization is required by the Company, its Board of Directors or its stockholders. This Agreement has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

b. **Organization and Qualification.** Each of the Company and its subsidiaries (the “Subsidiaries”) are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authorization to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, “Material Adverse Effect” means any material adverse effect on (i) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any Subsidiary, individually or taken as a whole, (ii) the transactions contemplated hereby or in any of the other Exchange Documents or (iii) the authority or ability of the Company to perform any of its obligations under any of the Exchange Documents. Other than its Subsidiaries, there is no Person (as defined below) in which the Company, directly or indirectly, owns capital stock or holds an equity or similar interest. “Person” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any governmental entity or any department or agency thereof.
c. **No Conflict.** The execution, delivery and performance of the Exchange Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Securities will not (i) result in a violation of the Certificate of Incorporation (as defined below) or other organizational documents of the Company or any of its Subsidiaries, any capital stock of the Company or any of its Subsidiaries or Bylaws (as defined below) of the Company or any of its Subsidiaries, (ii) except as set forth in the SEC Documents, conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including foreign, federal and state securities laws and regulations and the rules and regulations of The OTC Markets (the “Principal Market”) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected except, in the case of clause (ii) or (iii) above, to the extent such violations that could not reasonably be expected to have a Material Adverse Effect.

d. **No Consents.** Neither the Company nor any Subsidiary is required to obtain any consent from, authorization or order of, or make any filing or registration with, any court, governmental agency or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Exchange Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Company or any Subsidiary is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date of this Agreement, and neither the Company nor any of its Subsidiaries is aware of any facts or circumstances which might prevent the Company or any of its Subsidiaries from obtaining or effecting any of the registration, application or filings contemplated by the Exchange Documents. The Company is not in violation of the requirements of the Principal Market and has no knowledge of any facts or circumstances which could reasonably lead to delisting or suspension of the Common Stock in the foreseeable future.

e. **Securities Law Exemptions.** Assuming the accuracy of the representations and warranties of each Holder contained herein, the offer and issuance by the Company of the Series A Preferred Stock is exempt from registration under the Securities Act. The offer and issuance of the Series A Preferred Stock is exempt from registration under the Securities Act pursuant to the exemption provided by Section 3(a)(9) thereof. The Company covenants and represents to each Holder that neither the Company nor any of its Subsidiaries has received, anticipates receiving, has any agreement to receive or has been given any promise to receive any consideration from each Holder or any other Person in connection with the transactions contemplated by the Exchange Documents.
f. **Issuance of Series A Preferred Stock.** The issuance of the Series A Preferred Stock is duly authorized and upon issuance in accordance with the terms of the Exchange Documents shall be validly issued, fully paid and non-assessable and free from all taxes, liens, charges and other encumbrances with respect to the issue thereof. The issuance of shares of Common Stock upon exchange of the Series A Preferred Stock are duly authorized and, when issued and paid for in accordance with the Series A Preferred Stock, will be duly and validly issued, fully paid and non-assessable, free from all taxes, liens, charges and other encumbrances imposed by the Company other than restrictions on transfer provided for in such documents.

g. **Transfer Taxes.** As of the date of this Agreement, all share transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the issuance of the Series A Preferred Stock to be exchanged with each Holder hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

h. **Equity Capitalization.** Except as disclosed in the SEC Documents (as defined below): (i) none of the Company’s or any Subsidiary’s capital stock is subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company or any Subsidiary; (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries; (iii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound; (iv) there are no financing statements securing obligations in any amounts filed in connection with the Company or any of its Subsidiaries; (v) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the Securities Act; (vi) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (vii) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Series A Preferred Stock; (viii) neither the Company nor any Subsidiary has any stock appreciation rights or “phantom stock” plans or agreements or any similar plan or agreement; and (ix) neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the SEC Documents, other than those incurred in the ordinary course of the Company’s or its Subsidiaries’ respective businesses and which, individually or in the aggregate, do not or could not have a Material Adverse Effect. The Company has furnished to each Holder true, correct and complete copies of the Company’s Amended and Restated Certificate of Incorporation, as amended and as in effect on the date hereof (the “Certificate of Incorporation”), and the Company’s Amended and Restated Bylaws and as in effect on the date hereof (the “Bylaws”), and the terms of all securities convertible into, or exercisable or exchangeable for, shares of Common Stock and the material rights of the holders thereof in respect thereto that have not been disclosed in the SEC Documents.
6. Additional Acknowledgments. Each Holder and the Company confirm that the Company has not received any consideration for the transactions contemplated by this Agreement. Pursuant to Rule 144 promulgated by the Commission pursuant to the Securities Act and the rules and regulations promulgated thereunder as such Rule 144 may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule 144, the holding period of the Securities tacks back to the issue date of the Exchange Securities. The Company hereby confirms that each Holder currently is not and will not be upon closing of this Agreement (individually or together as a group) deemed an “affiliate” as defined in Rule 144. The Company agrees not to take a position contrary to this paragraph.


In consideration of the foregoing, each Holder releases and discharges Company, Company’s officers, directors, principals, control persons, past and present employees, insurers, successors, and assigns (“Company Parties”) from all actions, cause of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, which against Company Parties ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever, whether or not known or unknown, arising under the Exchange Securities. It being understood that this Section shall be limited in all respects to only matters arising under or related to the Exchange Securities and shall under no circumstances constitute a release, waiver or discharge with respect to the Securities or any Exchange Documents or limit each Holder from taking action for matters with respect to the Securities or any Exchange Document or events that may arise in the future.

8. Miscellaneous.

a. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

b. Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the choice of law principles thereof. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of New York, City of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives any objection that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

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c. **Severability.** If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

d. **Counterparts/Execution.** This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains an electronic file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic file signature page (as the case may be) were an original thereof.

e. **Notices.** Any notice or communication permitted or required hereunder shall be in writing and shall be deemed sufficiently given if hand-delivered or sent (i) postage prepaid by registered mail, return receipt requested, or (ii) by facsimile, to the respective parties as set forth below, or to such other address as either party may notify the other in writing.

If to the Company, to:

MassRoots, Inc.
7083 Hollywood Blvd., Office 4084
Office 4084
Los Angeles, CA 90028

*With a copy to (which shall not constitute notice):*

Sheppard, Mullin, Richter & Hampton LLP
30 Rockefeller Plaza
New York, NY 10112
Attn: Andrea Cataneo, Esq.

If to a Holder, to the address set forth on the signature page of such Holder.
f. **Expenses.** The parties hereto shall pay their own costs and expenses in connection herewith; provided, however, the Company shall pay a total of $5,000 of the Holders’ legal fees within two business days of the closing of this Agreement.

g. **Entire Agreement; Amendments.** This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof and thereof, superseding all prior agreements or understandings, whether written or oral, between the parties. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by all parties, or, in the case of a waiver, by the party waiving compliance. Except as expressly stated herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder preclude any other or future exercise of any other right, power or privilege hereunder.

h. **Headings.** The headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

i. **Pledge of Series A Preferred Stock.** The Company acknowledges and agrees that the Series A Preferred Stock may be pledged by each Holder in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the Series A Preferred Stock. The pledge of the Series A Preferred Stock shall not be deemed to be a transfer, sale or assignment of the Series A Preferred Stock hereunder, and if any Holder effects a pledge of the New Securities held by such Holder it shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Series A Preferred Stock to such pledgee by each Holder.

[SIGNATURE PAGES FOLLOW]
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

MASSROOTS, INC.

By: 
Name: Isaac Dietrich
Title: Chief Executive Officer

HOLDER:

[ ]

By: 
Name: 
Title: 

Address for Notices: 
Address for delivery of Securities:

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EXHIBIT A

[ ]
WARRANT

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<table>
<thead>
<tr>
<th>Holder</th>
<th>Shares of Common Stock convertible upon exercise of Warrants (Being Exchanged)</th>
<th>Shares of Series A Preferred Stock Exchangeable therefor</th>
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