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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934
For the quarterly period ended September 30, 2017

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934
For the transition period from ___________to ____________

Commission File Number: 000-55431

MASSROOTS, INC.
(Exact name of business as specified in its charter)

Delaware	**46-2612944**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1624 Market Street, Suite 201, Denver, CO 80202
(Address, including zip code, of principal executive offices)

(833) 467-6687
(Issuer's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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

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

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

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

As of November 10, 2017, there were 112,115,839 shares of the registrant's common stock, par value $0.001 per share ("Common Stock") issued and outstanding.

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Unless we have indicated otherwise or the context otherwise requires, references in this Quarterly Report on Form 10-Q to "MassRoots," the "Company," "we," "us" and "our" or similar terms are to MassRoots, Inc.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

Statements in this report may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements include, among other things, statements regarding:

- the growth of our business and revenues and our expectations about the factors that influence our success;
- our plans to continue to invest in systems, facilities, and infrastructure, increase our hiring and grow our business;
- our strategy and timing of any plans to monetize our network, including the paid conversion rates and the willingness of businesses to continue to advertise on our platform;
- our user growth expectations;
- our ability to attain funding and the sufficiency of our sources of funding;
- our expectation that our cost of revenues, development expenses, sales and marketing expenses, and general and administrative expenses will increase;
- fluctuations in our capital expenditures; and
- other statements regarding our future operations, financial condition and prospects, and business strategies. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this report, including the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016 filed March 31 , 2017, and any other risks described in any other filings we make with the United States Securities and Exchange Commission ("SEC"). Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report.

Management's discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to financial instruments, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements. You should read the following discussion and analysis in conjunction with the Financial Statements and Notes attached hereto, and the other financial data appearing elsewhere in this Quarterly Report on Form 10-Q.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MASSROOTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash	$ 267,322	$ 374,490
Accounts receivable	—	3,306
Prepaid expenses	10,440	—
Total current assets	277,762	377,796
Property and equipment, net	116,845	77,322
Other assets:		
Goodwill	4,971,991	—
Investments	403,249	235,000
Deposits and other assets	33,502	33,502
Total other assets	5,408,742	268,502
Total assets	$ 5,803,349	$ 723,620
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 258,845	$ 382,550
Accrued expenses	63,274	—
Loan payable	3,156	—
Due to related parties	492,003	—
Deferred revenue	—	27,010
Convertible notes payable, net of debt discount of $713,658	331,342	—
Derivative liability	1,506,414	1,301,138
Total current liabilities	2,655,034	1,710,698
Long term debt:		
Convertible notes payable, long term	—	108,100
Total liabilities	2,655,034	1,818,798
Stockholders' equity (deficit):		
Common stock, $0.001 par value; 200,000,000 shares authorized; 111,326,981 and 71,908,370 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	111,327	71,908
Common stock to be issued, 1,551,217 and 1,740,000 shares as of September 30, 2017 and December 31, 2016, respectively	1,551	1,740
Additional paid in capital	59,052,979	28,693,819
Accumulated deficit	(56,017,542)	(29,862,645)
Total stockholders' equity (deficit)	3,148,315	(1,095,178)
Total liabilities and stockholders' equity (deficit)	$ 5,803,349	$ 723,620

See the accompanying notes to the unaudited condensed consolidated financial statements

MASSROOTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenues:	$ 11,516	$ 209,003	$ 289,130	$ 794,621
Operating expenses:				
Advertising	302,809	121,642	865,052	679,061
Payroll and related expenses	811,775	478,775	2,732,911	1,714,819
Stock based compensation	5,510,554	613,353	19,882,527	2,306,662
Other general and administrative expenses	908,392	880,441	3,835,470	2,094,829
Total operating expense	7,533,530	2,094,211	27,315,960	6,795,371
Loss from operations	(7,522,014)	(1,885,208)	(27,026,830)	(6,000,750)
Other income (expense):				
Gain on sale of securities	—	—	75,000	—
Gain on change in fair value of derivative liabilities	634,073	1,006,358	986,058	1,320,654
Interest expense	(189,125)	(2,573,814)	(189,125)	(3,575,008)
Total other income (expense):	444,948	(1,567,456)	871,933	(2,254,354)
Net loss before income taxes	(7,077,066)	(3,452,664)	(26,154,897)	(8,255,104)
Provision of income taxes (benefit)	—	—	—	—
NET LOSS	$ (7,077,066)	$ (3,452,664)	$ (26,154,897)	$ (8,255,104)
Net loss per common share-basic and diluted	$ (0.07)	$ (0.07)	$ (0.28)	$ (0.17)
Weighted average number of common shares outstanding-basic and diluted	104,274,253	51,083,084	92,196,637	48,916,198

See the accompanying notes to the unaudited condensed consolidated financial statements

MASSROOTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
NINE MONTHS ENDED SEPTEMBER 30, 2017

	Common stock		Common stock To be issued		Additional Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, December 31, 2016	71,908,370	$ 71,908	1,740,000	$ 1,740	$ 28,693,819	$ (29,862,645)	$ (1,095,178)
Common stock issued for services rendered	22,745,898	22,746	(1,005,141)	(1,005)	14,182,514	—	14,204,255
Sale of common stock	2,085,000	2,085	309,000	309	1,195,606	—	1,198,000
Common stock issued upon exercise of warrants for cash	6,933,041	6,933	112,500	113	4,746,150	—	4,753,196
Common stock issued upon cashless exercise of options	41,153	41	394,858	394	(435)	—	—
Common stock issued upon cashless exercise of warrants	355,689	356	—	—	(356)	—	—
Common stock issued in settlement of convertible notes	1,081,000	1,081	—	—	107,019	—	108,100
Common stock issued to acquire Odava Inc.	3,250,000	3,250	—	—	1,963,000	—	1,966,250
Common stock issued to acquire DDDigtal Inc.	2,926,830	2,927	—	—	2,880,293	—	2,883,220
Reclassify fair value of liability warrants issued in connection with sale of common stock	—	—	—	—	(1,003,870)	—	(1,003,870)
Reclassify fair value of derivative liability to equity upon warrant exercise(s)	—	—	—	—	610,967	—	610,967
Stock based compensation	—	—	—	—	5,678,272	—	5,678,272
Net loss	—	—	—	—	—	(26,154,897)	(26,154,897)
Balance, September 30, 2017 (unaudited)	111,326,981	$ 111,327	1,551,217	$ 1,551	$ 59,052,979	$ (56,017,542)	$ 3,148,315

See the accompanying notes to the unaudited condensed consolidated financial statements

MASSROOTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (26,154,897)	$ (8,255,104)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	21,344	14,224
Amortization of debt discounts	187,272	1,549,669
Stock based compensation	19,882,527	2,496,873
Gain on sale of securities	(75,000)	—
Change in fair value of derivative liabilities	(986,058)	(1,320,654)
Non-cash interest	—	1,265,376
Penalties related to note maturity	—	763,872
Changes in operating assets and liabilities:		
Accounts receivable	6,889	(72,324)
Prepaid and other	(13,687)	12,938
Accounts payable and other liabilities	(41,556)	629,298
Deferred revenue	(27,010)	—
Net cash used in operating activities	(7,200,176)	(2,915,832)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired from acquisition of DDDigtal Inc	8,672	—
Cash acquired from acquisition of Odava, Inc.	2,601	—
Proceeds from sale of securities	250,000	—
Cash paid related to acquisition of Odava, Inc.	(40,570)	—
Purchase of equity investment	(100,002)	—
Purchase of convertible promissory note	(300,000)	—
Purchase of equipment	(57,534)	(19,100)
Net cash used in investing activities	(236,833)	(19,100)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible notes	942,500	1,420,000
Proceeds from common stock sales	1,198,000	1,660,500
Proceeds from exercise of warrants	4,753,196	596,331
Proceeds from exercise of options	—	25,000
Proceeds from related party advances	442,500	—
Repayments of loans	(6,355)	—
Repayments of convertible notes	—	(1,026,600)
Net cash provided by financing activities	7,329,841	2,675,231
Net decrease in cash	(107,168)	(259,701)
Cash, beginning of period	374,490	386,316
Cash , end of period	$ 267,322	$ 126,615

MASSROOTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30, 2017	2016
Supplemental disclosures of cash flow information:		
Cash paid during period for interest	$ —	$ —
Cash paid during period for taxes	$ —	$ —
Non cash investing and financing activities:		
Common stock issued in settlement of debt	$ 108,100	$ 447,085
Common stock issued in payment of penalties related to notes payable	$ —	$ 163,621
Common stock issued to acquire DDDigtal Inc.	$ 2,883,220	$ —
Net assets acquired from acquisition of DDDigtal Inc.	$ 15,448	$ —
Common stock issued to acquire Odava, Inc.	$ 1,966,250	$ —
Net assets acquired from acquisition of Odava, Inc.	$ 2,601	$ —
Reclassification of liability warrants from equity in connection with the sale of common stock	$ 1,003,870	$ —
Reclassification of derivative liability to equity upon note prepayment(s)	$ —	$ 7,308
Reclassification of derivative liability to equity upon warrant exercise(s)	$ 610,967	$ —

See the accompanying notes to the unaudited condensed consolidated financial statements

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial statements of the Company as of September 30, 2017 and for the three and nine months ended September 30, 2017 and 2016. The results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the operating results for the full year ending December 31, 2017, or any other period. These interim condensed consolidated financial statements should be read in conjunction with the financial statements and related disclosures of the Company as of December 31, 2016 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on March 31, 2017.

Acquisitions

DDDigtal Inc.

On December 15, 2016, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Whaxy Inc., a wholly-owned subsidiary of the Company ("Merger Subsidiary"), DDDigtal Inc., a Colorado corporation ("DDDigtal"), Zachary Marburger, an individual acting solely in his capacity as Stockholder Representative, and all of the stockholders of DDDigtal. Pursuant to the Merger Agreement, the parties agreed to merge Merger Subsidiary with and into DDDigtal, whereby DDDigtal survived as a wholly-owned subsidiary of MassRoots (the "Merger").

On January 25, 2017 (the "Effective Date"), the Merger was completed and became effective upon the filing of certificates of merger with the respective Secretary of State of the States of Delaware and Colorado, in such forms as required by, and executed in accordance with, the relevant provisions of the Delaware General Corporation Law and the Colorado Business Corporation Act.

Pursuant to the terms of the Merger Agreement, each share of DDDigtal's common stock was to be exchanged for a number of shares of the Company's common stock (or a fraction thereof), based on an exchange ratio, as ultimately calculated, equal to approximately 5.273-for-1, such that 1 share of the Company's' common stock was issued for every 5.273 shares of DDDigtal's common stock.

On the Effective Date, the Company issued 2,926,830 shares of the Company's common stock *pro rata* to all stockholders of DDDigtal (the "Share Consideration") in exchange for all of their shares of DDDigtal's common stock. At the same time, each share of the common stock of Merger Subsidiary was converted into and exchanged for one share of common stock of DDDigtal held by the Company, and all shares of DDDigtal common stock outstanding immediately prior to the Effective Date automatically cancelled and retired. DDDigtal continued as a surviving wholly-owned subsidiary of the Company, and Merger Subsidiary ceased to exist.

Also pursuant to the terms of the Merger Agreement, the Company paid cash consideration, in December 2016, of $40,000 to Zachary Marburger and $20,000 to Micah Davidson, as repayment of outstanding debts owed by DDDigtal to the individuals.

As a condition to the closing of the Merger, the Company hired Zachary Marburger as its Vice President of Strategy, and engaged Micah Davidson as a Senior Software Engineer. As a condition of Mr. Marburger's employment and pursuant to the Merger Agreement, the Company will pay Mr. Marburger an additional $40,000 following the one-year anniversary of his constant employment with the Company.

A summary of consideration is as follows:

Cash (paid in December 2016)	$	60,000
2,926,830 shares of the Company's common stock		2,883,220
Liabilities assumed		40,140
Total purchase price	$	2,983,360

The following summarizes the current estimates of fair value of assets acquired and liabilities assumed:

Cash	$	8,672
Accounts receivable		3,583
Property and equipment		3,333
Goodwill		2,967,772
Assets acquired	$	2,983,360

The above estimated fair value of the intangible assets is based on a preliminary purchase price allocation prepared by management. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price allocation period, we record adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period in our operating results in the period in which the adjustments were determined.

Pro forma Results

The following tables set forth the unaudited pro forma results of the Company as if the acquisition of DDDigtal had taken place on the first day of the periods presented. These combined results are not necessarily indicative of the results that may have been achieved had the companies been combined as of the first day of the periods presented.

		Three months ended September 30, 2017		Three months ended September 30, 2016
Total revenues	$	11,516	$	232,313
Net loss		(7,077,066)		(7,263,951)
Basic and diluted net loss per common share	$	(0.07)	$	(0.07)

		Nine months ended September 30, 2017		Nine months ended September 30, 2016
Total revenues	$	289,130	$	833,304
Net loss		(26,154,897)		(8,373,192)
Basic and diluted net loss per common share	$	(0.28)	$	(0.17)

Odava, Inc.

On July 5, 2017, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with MassRoots Compliance Technology, Inc., a wholly-owned subsidiary of he Company ("Merger Subsidiary"), Odava, Inc., a Delaware corporation ("Odava"), and Scott Kveton, an individual acting solely in his capacity as a stockholder representative ("Stockholder Representative"). Pursuant to the Merger Agreement, the parties agreed to merge Merger Subsidiary with and into Odava, whereby Odava survived as a wholly-owned subsidiary of MassRoots (the "Merger").

On July 13, 2017 (the "Effective Date"), the Merger was completed and became effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware, in the form as required by and executed in accordance with Title 8, Section 251(c) of the Delaware General Corporation Law. A copy of the certificate of merger is filed as Exhibit 3.1 hereto, and is hereby incorporated by reference into this Item 2.01.

Pursuant to the terms of the Merger Agreement, each share of Odava's common stock was to be exchanged for a number of shares of MassRoots' Common Stock (or a fraction thereof), based on an exchange ratio, as ultimately calculated, equal to approximately 4.069-for-1, such that one share of MassRoots' Common Stock was issued for approximately every 4.069 shares of Odava's common stock.

On the Effective Date, the Company issued 3,250,000 shares of common stock *pro rata* to all stockholders of Odava (the "Share Consideration") in exchange for all of their shares of Odava's common stock. At the same time, shares of the common stock of Merger Subsidiary were converted into and exchanged for one share of common stock of Odava held by the Company, and all shares of Odava common stock outstanding immediately prior to the Effective Date automatically cancelled and retired. Odava continued as a surviving wholly-owned subsidiary of Massroots, and Merger Subsidiary ceased to exist. In addition, the Company issued 2,600,000 shares of common stock to the founders of Odava in connection with the acquisition

Also pursuant to the terms of the Merger Agreement, MassRoots paid cash consideration of $30,000 to Scott Kveton and $5,000 to Steven Osborn, as repayment of outstanding debts at closing owed by Odava to the individuals.

As a condition to the closing of the Merger, the Company hired Scott Kveton as its new Director of Business Development, and Steven Osborn as its Principal Architect.

A summary of consideration is as follows:

Cash and costs incurred	$	40,570
2,926,830 shares of the Company's common stock		1,966,250
Total purchase price	$	2,006,820

The following summarizes the current estimates of fair value of assets acquired and liabilities assumed:

Cash	$	2,601
Goodwill		2,004,219
Assets acquired	$	2,006,820

The above estimated fair value of the intangible assets is based on a preliminary purchase price allocation prepared by management. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price allocation period, we record adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period in our operating results in the period in which the adjustments were determined.

Pro forma results

The following tables set forth the unaudited pro forma results of the Company as if the acquisition of Odava had taken place on the first day of the periods presented. These combined results are not necessarily indicative of the results that may have been achieved had the companies been combined as of the first day of the periods presented.

	Three months ended September 30, 2017	Three months ended September 30, 2016
Total revenues	$ 11,516	$ 209,003
Net loss	(7,077,066)	(3,452,664)
Basic and diluted net loss per common share	$ (0.07)	$ (0.07)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Total revenues	$ 289,130	$ 794,621
Net loss	(26,154,897)	(8,277,114)
Basic and diluted net loss per common share	$ (0.28)	$ (0.17)

The Company accounts for acquisitions in accordance with the provisions of Accounting Standards Codification (“ASC”) 805-Business Combinations (“ASC 805”). The Company assigns to all identifiable assets acquired a portion of the cost of the acquired company equal to the estimated fair value of such assets at the date of acquisition. The Company records the excess of the cost of the acquired company over the sum of the amounts assigned to identifiable assets acquired as goodwill.

The Company recorded goodwill in the aggregate amount of $4,971,991 as a result of the acquisitions of DDDitgal and Odava during the nine months ended September 30, 2017.

The Company accounts for and reports acquired goodwill under ASC subtopic 350-10, Intangibles-Goodwill and Other (“ASC 350-10”). In accordance with ASC 350-10, at least annually, the Company tests its intangible assets for impairment or more often if events and circumstances warrant. Any write-downs will be included in results from operations.

NOTE 2 –GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

As of September 30, 2017, the Company had cash of $267,322 and working capital deficit (current liabilities in excess of current assets) of $2,377,272. During the nine months ended September 30, 2017, the Company used net cash in operating activities of $7,200,176. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

In the first nine months of 2017, the Company received $4,753,196, $942,500, $1,198,000 and $442,500 from the exercise of common stock warrants, proceeds from issuance of convertible notes, sale of common stock and related party advances, respectively. The Company does not have cash sufficient to fund operations.

The Company’s primary source of operating funds since inception has been cash proceeds from private placements of common stock, proceeds from the exercise of warrants and options and issuance of notes payable. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. The Company will require additional financing to fund future operations.

Management's plans with regard to these matters encompass the following actions: 1) obtain funding from new and potentially current investors to alleviate the Company's working capital deficiency, and 2) implement a plan to generate sales. The Company's continued existence is dependent upon its ability to translate its user base into sales. However, the outcome of management's plans cannot be ascertained with any degree of certainty.

Accordingly, the accompanying unaudited condensed interim financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The unaudited condensed interim financial statements do not include any adjustment that might result from the outcome of this uncertainty.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of MassRoots, Inc. and its wholly owned operating subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include stock-based compensation, fair values relating to derivative liabilities and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Fair Value of Financial Instruments

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

The Company follows ASC 825-10, which permits entities to choose to measure many financial instruments and certain other items at fair value.

Cash and Cash Equivalents

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

Property and Equipment

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

Accounts Receivable and Allowance for Doubtful Accounts

The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues its collection. As of September 30, 2017 and December 31, 2016, based upon the review of the outstanding accounts receivable, the Company has determined that an allowance for doubtful accounts is not required.

Revenue Recognition

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

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

The Company primarily generates revenue by charging businesses to advertise on the network. The Company has the ability to target advertisements directly to a clients' target audience, based on their location, on their mobile devices. In cases where clients sign advertising contracts for an extended period of time, the Company only realizes revenue for services provided during that quarter and defers all other revenue to future quarters.

Stock Based Compensation

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

Income Taxes

The Company follows ASC subtopic 740-10, Income Taxes- ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period.

If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under ASC 480-10.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

The Company's free standing derivatives consisted of warrants to purchase common stock that were issued in connection with the issuance of debt and sale of common stock, and of embedded conversion options with convertible debentures. The Company evaluated these derivatives to assess their proper classification in the balance sheet as of September 30, 2017 using the applicable classification criteria enumerated under ASC 815-Derivatives and Hedging. The Company determined that certain embedded conversion and/or exercise features do not contain fixed settlement provisions. The convertible debentures contain a conversion feature such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the derivatives which do not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

Long-Lived Assets

The Company reviews its property and equipment and any identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The test for impairment is required to be performed by management at least annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Indefinite Lived Intangibles and Goodwill Assets

The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC 805, "Business Combinations," where the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values. The purchase price is allocated using the information currently available, and may be adjusted, up to one year from acquisition date, after obtaining more information regarding, among other things, asset valuations, liabilities assumed and revisions to preliminary estimates. The purchase price in excess of the fair value of the tangible and identified intangible assets acquired less liabilities assumed is recognized as goodwill.

The Company tests for indefinite lived intangibles and goodwill impairment in the fourth quarter of each year and whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision making group, in deciding the method to allocate resources and assess performance. The Company currently has one reportable segment for financial reporting purposes, which represents the Company's core business.

Net Earnings (Loss) Per Common Share

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

The computation of basic and diluted income (loss) per share as of September 30, 2017 and 2016 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

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

	September 30, 2017	September 30, 2016
Common stock issuable upon conversion of convertible debentures	3,538,894	2,744,432
Options to purchase common stock	14,574,977	5,569,883
Warrants to purchase common stock	11,864,347	14,079,715
Totals	29,978,218	22,394,030

Reclassification

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

Recent Accounting Pronouncements

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

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued.

NOTE 4 – INVESTMENTS

As of September 30, 2017 and December 31, 2016, the carrying value of our investments in privately held companies totaled $403,249 and $235,000, respectively. These investments are accounted for as cost method investments, as we own less than 20% of the voting securities and do not have the ability to exercise significant influence over operating and financial policies of the entities.

To facilitate the integration with dispensary point of sale systems, in 2015, the Company invested $175,000 in exchange for preferred shares of Flowhub LLC ("Flowhub"), a seed-to-sale system, equal to 8.95% of the then outstanding equity of Flowhub. The acquired preferred shares are considered non-marketable securities. On May 12, 2017, the Company sold its preferred shares in Flowhub for net proceeds of $250,000. The gain on sale of securities of $75,000 was recorded in current period operations.

During the nine months ended September 30, 2017, the Company acquired 23,810 Class A common stock of Hightimes Holding Corp. for $100,002 ($4.20 per share). The acquired common shares are considered non-marketable securities.

On July 13, 2017, the Company purchased a convertible promissory note in the principal sum of $300,000 from Cannaregs, Ltd, a Colorado limited liability company. The promissory note bears interest at 5% per annum payable upon maturity at December 19, 2019 and is unsecured. As of September 30, 2017, the carrying value of the promissory note was $303,247, including accrued interest.

In the event the issuer consummates, prior to maturity, an equity financing in excess of $2,000,000, the outstanding principal and any accrued and unpaid interest automatically converts to equity securities of the same class or series issued by the issuer at the lesser of: a) 90% of the price paid per equity security or b) a price reflecting a valuation cap of $4,500,000.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2017 and December 31, 2016 is summarized as follows:

	September 30, 2016	December 31, 2016
Computers	$ 125,089	$ 72,124
Office equipment	44,253	36,850
Subtotal	169,342	108,974
Less accumulated depreciation	(52,497)	(31,652)
Property and equipment, net	$ 116,845	$ 77,322

Depreciation expense for the three and nine months ended September 30, 2017 was $9,410 and $21,344, respectively; and $5,499 and $14,224 for the three and nine months ended September 30, 2016, respectively.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

On March 24, 2014, the Company issued convertible debentures to certain accredited investors. The total principal amount of the debentures is $269,100 and originally matured on March 24, 2016 with a 0% interest rate. The debentures are convertible into shares of the Company's common stock at $0.10 per share. In March 2016, the debentures were amended to extend the maturity date to March 24, 2018. In 2016, the Company issued an aggregate of 1,010,000 shares of its common stock in settlement of $101,000 of outstanding debentures and during the nine months ended September 30, 2017, the Company issued an aggregate of 1,081,000 shares of its common stock in settlement of $108,100 of outstanding debentures

As of September 30, 2017 and December 31, 2016, the aggregate carrying value of the debentures was $0 and $108,100, net of debt discounts of $0, respectively.

On August 17, 2017, the Company issued convertible notes to certain accredited investors. The total principal amount of the notes is $1,045,000 and matures on February 18, 2018 with 0% interest rate. Net proceeds received were $942,500 after deduction of legal and other fees. If the Company exercises its right to prepay the Note, the Company shall make payment to the Investor of an amount in cash equal to the sum of the then outstanding principal amount of the Note that it desires to prepay, multiplied by (a) 1.1, during the first ninety (90) days after the execution of this Note, or (b) 1.25, at any point thereafter.

The Notes are convertible into shares of the Company's common stock at a price per share equal to the lower of (i) seventy five cents ($0.75), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the Note; provided, however, if any part of the principal amount of the Note remains unpaid at its Maturity Date (as defined in the Note), the conversion price will be equal to 65% of the average of the three trading days with the lowest daily weighted average prices of the Company's common stock occurring during the fifteen days prior to the Notes' Maturity Date.

In connection with the issuance of the notes, the Company and the Investors also entered into a Security Agreement, whereby the Notes are secured with all the assets of the Company currently held or hereafter acquired.

In connection with the issuance of the notes, the Company issued an aggregate of 2,090,000 warrants to purchase an amount of shares of the Company's common stock with an initial exercise price of $0.50, expiring five years from the date of issuance. The warrants contain certain anti-dilutive (reset) provisions.

On August 17, 2017, upon issuance of the secured convertible notes and warrants, the Company has determined that the features associated with the embedded conversion option and reset provisions embedded in the issued warrants, in the form of a ratchet provision, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

During the three and nine months ended September 30, 2017, the Company amortized $187,272 of debt discounts to current period interest.

NOTE 7 – DERIVATIVE LIABILITIES AND FAIR VALUE MEASUREMENTS

The Company identified conversion features embedded within convertible debt and certain warrants outstanding during the nine months ended September 30, 2017 and year ended December 31, 2016. The Company has determined that the features associated with the embedded conversion option and exercise prices, in the form of ratchet provisions, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

On March 17, 2016, upon issuance of the secured convertible debentures, the Company has determined that the features associated with the embedded conversion option and reset provisions embedded in the issued warrants, in the form of a ratchet provision, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions. At the date of inception, the Company estimated the fair value of the embedded derivatives of $1,769,121 using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 112.29%, (3) weighted average risk-free interest rate of 0.47% to 1.04% (4) expected life of 0.05 to 5.00 years, and (5) estimated fair value of the Company's common stock of $1.04 per share. The estimated fair value of the embedded derivative of $1,769,121 was charged to debt discount up to the net proceeds of $1,420,000 and amortized over the term of the debenture with the excess charged to current period interest.

On December 31, 2016, the Company estimated the fair value of the embedded derivatives of $1,301,138 using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 110.39%, (3) weighted average risk-free interest rate of 1.47%, (4) expected life of 4.21 years, and (5) estimated fair value of the Company's common stock of $1.03 per share.

On January 4, 2017, warrant holders exercised outstanding warrants for 682,668 shares of Common Stock, and as such the Company transferred to estimated fair value of the embedded derivatives of $610,967 from liability to equity. The Company estimated the fair value at the time of exercise using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 110.13%, (3) weighted average risk-free interest rate of 1.94%, (4) expected life of 4.20 years, and (5) estimated fair value of the Company's common stock of $1.07 per share.

On July 21, 2017, upon issuance of the warrants in connection with the sale of common stock, the Company has determined that the features associated with the reset provisions embedded in the issued warrants, in the form of a ratchet provision, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions. The Company estimated the fair value of the embedded derivatives of $1,003,870 using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 103.46%, (3) weighted average risk-free interest rate of 1.81% (4) expected life of 5.00 years, and (5) estimated fair value of the Company's common stock of $0.5687 per share. The estimated fair value of the embedded derivative of $1,003,870 was reclassified from equity at the date of issuance.

On August 17, 2017, upon issuance of the secured convertible notes and warrants, the Company has determined that the features associated with the embedded conversion option and reset provisions embedded in the issued notes and warrants, in the form of a ratchet provision, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

The Company estimated the fair value of the embedded derivatives of $798,429 using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 102.73%, (3) weighted average risk-free interest rate of 1.11% to 1.78% (4) expected life of 0.49 to 5.00 years, and (5) estimated fair value of the Company's common stock of $0.457 per share. The estimated fair value of the embedded derivative of $798,429 together with the issuance costs of $102,500 (aggregate of $900,929) was charged to debt discount and amortized over the term of the debenture with the excess charged to current period interest.

On September 30, 2017, the Company estimated the fair value of the embedded derivatives of $1,506,414 using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 101.58%, (3) weighted average risk-free interest rate of 1.20% to 1.92%, (4) expected life of 0.39 to 4.90 years, and (5) estimated fair value of the Company's common stock of $0.3320 per share.

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

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

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

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

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

As of September 30, 2017 and December 31, 2016, the Company did not have any derivative instruments that were designated as hedges.

Items recorded or measured at fair value on a recurring basis in the accompanying financial statements consisted of the following items as of September 30, 2017 and December 31, 2016:

	September 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability	$ 1,506,414	$ —	$ —	$ 1,506,414

	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability	$ 1,301,138	$ —	$ —	$ 1,301,138

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the nine months ended September 30, 2017:

Balance, January 1, 2017	$ 1,301,138
Transfers in due to issuance of liability warrants in connection with sale of common stock	1,003,870
Transfers in due to issuance of convertible notes and warrants with embedded conversion and reset options	798,431
Transfers out due to warrant exercise	(610,967)
Mark to market to September 30, 2017	(986,058)
Balance, September 30, 2017	$ 1,506,414
Gain on change in warrant liabilities for the nine months ended September 30, 2017	$ 986,058

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

NOTE 8 – CAPITAL STOCK

Preferred Stock

T he Company is authorized to issue 21 Series A preferred shares at $1.00 par value per share with 1:1 conversion and voting rights. As of September 30, 2017 and December 31, 2016, there were no shares of Series A preferred shares issued and outstanding.

Common Stock

The Company is authorized to issue 200,000,000 shares of its common stock at $0.001 par value per share. As of September 30, 2017, there were 111,326,981 shares of common stock issued and outstanding and 1,551,217 shares of common stock to be issued. As of December 31, 2016, there were 71,908,370 shares of common stock issued and outstanding and 1,740,000 shares of common stock to be issued.

The following common stock transactions were recorded during the nine months ended September 30, 2017:

During the nine months ended September 30, 2017, the Company issued an aggregate of 22,745,898 shares of its common stock for services valued at $14,204,255.

During the nine months ended September 30, 2017, the Company sold 2,394,000 shares of its common stock and warrants for net proceeds of $1,198,000.

During the nine months ended September 30, 2017, the Company issued an aggregate of 41,153 shares for its common stock for cashless exercise of common stock options.

During the nine months ended September 30, 2017, the Company issued an aggregate of 355,689 shares of its common stock for the cashless exercise of common stock warrants.

During the nine months ended September 30, 2017, the Company issued an aggregate of 1,081,000 shares of its common stock in settlement of $108,100 of convertible debt.

During the nine months ended September 30, 2017, the Company issued an aggregate of 6,933,041 shares of its common stock for exercise of common stock warrants. Net proceeds were $4,753,196.

During the nine months ended September 30, 2017, the Company issued an aggregate of 2,926,830 shares of its common stock to acquire DDDigtal (Note 1).

During the nine months ended September 30, 2017, the Company issued an aggregate of 3,250,000 shares of its common stock to acquire Odava (Note 1).

NOTE 9 – WARRANTS

Warrants outstanding and exercisable at September 30, 2017 are as follows:

	Warrants Outstanding			Warrants Exercisable
Exercise Price		Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$	0.50	3,056,670	4.42	3,056,670
	0.60	50,000	2.52	50,000
	0.65	2,364,000	4.81	2,364,000
	0.83	100,000	3.30	100,000
	0.90	5,070,002	1.97	5,070,002
	1.00	670,000	0.22	670,000
	1.06	146,200	1.23	146,200
	3.00	407,475	1.11	407,475
		11,864,347	3.04	11,864,347

A summary of the warrant activity for the nine months ended September 30, 2017 is as follows

	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at December 31, 2016	15,448,056	$	0.81	2.4		4,225,936
Grants	4,484,000		0.58			—
Exercised	(7,248,668)		0.68			
Expired	(819,041)		0.48			
Outstanding at September 30, 2017	**11,864,347**	**$**	**0.83**	**3.0**	**$**	**—**
Vested and expected to vest at September 30, 2017	11,864,347	$	0.83	3.0	$	—
Exercisable at September 30, 2017	**11,864,347**	**$**	**0.83**	**3.0**	**$**	**—**

The aggregate intrinsic value outstanding stock warrants was $0, based on warrants with an exercise price less than the Company's stock price of $0.332 as of September 30, 2017, which would have been received by the warrant holders had those warrant holders exercised their warrants as of that date.

On July 21, 2017, upon the sale of the Company's common stock, the Company issued 2,394,000 warrants to purchase the Company's common stock at $0.65 per share, exercisable through July 21, 2022. These warrants contain certain anti-dilutive (reset) provisions (See Note 7).

On August 24, 2017, in connection with the issuance of convertible notes, the Company granted to the same investors five year warrants to purchase an aggregate of 2,090,000 shares of the Company's common stock at $0.50 per share. The warrants may be exercised any time after the issuance through and including the fifth (5^{th}) anniversary of its original issuance. These warrants contain certain anti-dilutive (reset) provisions (See Note 7).

NOTE 10 – EMPLOYEE EQUITY INCENTIVE PLANS

The Company's shareholders approved our 2014 Plan in June 2014, our 2015 Plan in December 2015, our 2016 Equity Incentive Plan ("2016 Plan") in October 2016 and our 2017 Equity Incentive Plan in December 2016 ("2017 Plan", together with the 2014 Plan, 2015 Plan and 2016 Plan, the "Plans"). The Plans are identical, except for number of shares reserved for issuance under each. As of September 30, 2017, the Company had granted an aggregate of 37,950,282 securities under the plans, with 2,150,149 available for future issuances.

The Plans provide for the grant of incentive stock options to our employees and our parent and subsidiary corporations' employees, and for the grant of non-statutory stock options, stock bonus awards, restricted stock awards, performance stock awards and other forms of stock compensation to our employees, including officers, consultants and directors. Our Plans also provide that the grant of performance stock awards may be paid out in cash as determined by the Committee.

During the nine months ended September 30, 2017, the Company granted options to purchase 2,854,000 shares of common stock for ten years. The fair value of $2,054,521, was determined using the Black-Scholes Option Pricing Model, assuming approximately 1.81% to 2.35% risk-free interest, 0% dividend yield, 103.66% to 110.16% volatility, and expected life of five to ten years and will be charged to operations over the vesting terms of the options.

The summary terms of the issuances are as follows:

Exercise Price	Number of Options	Vesting Terms
$ 0.50	80,000	Immediately
0.50	100,000	Quarterly over one year
0.50	605,000	Quarterly over two years
0.81	5,000	Immediately
0.82	150,000	Quarterly over two years
0.85	150,000	Quarterly over one year
0.87	125,000	Immediately
0.89	425,000	Monthly over one year
0.89	90,000	Quarterly over two years
0.95	400,000	Quarterly over two years
0.98	24,000	Monthly over two years
1.05	50,000	Immediately
1.05	95,000	Monthly over two years
1.05	60,000	Monthly over one year
1.06	60,000	Monthly over one year
1.07	110,000	Monthly over one year
1.07	325,000	Monthly over two years
0.83	2,854,000	

On June 21, 2017, the Company accelerated vesting of 5,000,000 options to fully vesting. As a result, the Company charged $2,544,741 to operations during the nine months ended September 30, 2017.

Stock options outstanding and exercisable on September 30, 2017 are as follows:

Exercise Price	Number of Options	Remaining Life In Years	Number of Options Exercisable
$ 0.10	1,056,786	6.68	806,786
0.50	689,631	7.99	689,631
0.51	1,891,779	9.02	1,891,779
0.60	105,000	7.53	105,000
0.77	758,331	9.20	683,331
0.80	145,000	8.30	145,000
0.81	5,000	9.45	5,000
0.82	37,500	9.46	37,500
0.85	150,000	9.42	75,000
0.86	5,204,165	9.22	5,204,165
0.87	125,000	9.48	125,000
0.89	577,500	9.28	285,000
0.90	1,745,413	8.20	1,745,413
0.95	125,000	9.38	125,000
0.98	24,000	9.32	8,000
1.00	837,494	8.22	837,494
1.05	430,838	8.66	415,838
1.06	30,000	9.35	30,000
1.07	168,326	9.28	164,993
	14,106,763	8.77	13,379,930

A summary of the stock option activity for the nine months ended September 30, 2017:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2016	14,824,158	0.52	9.37	$ 4,566,717
Grants	2,854,000	0.50	9.71	—
Exercised	(522,428)	0.16		
Forfeiture/Canceled	(3,048,967)	$ 0.73		—
Outstanding at September 30, 2017	14,106,763	$ 0.76	8.77	$ 245,174
Exercisable at September 30, 2017	13,379,930	$ 0.76	8.79	$ 187,174

The aggregate intrinsic value of outstanding stock options was based on options with an exercise price less than the Company's common stock price of $0.332 as of September 30, 2017, which would have been received by the option holders had those option holders exercised their options as of that date.

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived historical data. The Company accounts for the expected life of options based on the contractual life of options for non-employees.

The fair value of all options vesting during the nine months ended September 30, 2017 and 2016 of $5,678,272 and $1,974,710, respectively. Unrecognized compensation expense of $286,153 at September 30, 2017 will be expensed in future periods.

NOTE 11 – SUBSEQUENT EVENTS

On October 4, 2017 and October 5, 2017, the Company entered into a Simple Agreement for Future Tokens with two accredited investors, relating to the future right to purchase $25,000 and $100,000 in units of a cryptographic token (a "Token"), respectively, at a discount, if the Company conducts a public sale of its Tokens. Pursuant to the agreements, in the event the Company conducts such a public sale of its Tokens, it will automatically issue to each investor a number of Tokens equal to such investor's investment, based on a rate that is fifty percent (50%) of the price per Token in the public sale. In the event the Company sells Tokens in the public sale at different prices, each investor's Tokens shall be determined based on the most advantageous rate publicly marketed.

On October 5, 2017, the Company issued 394,858 shares of its common stock to a member of the Board of Directors in connection with a cashless exercise of 443,214 shares pursuant to a Stock Option Agreement, dated June 4, 2014. The shares are reflected as shares to be issued as of September 30, 2017 (See Note 8).

On October 5, 2017, the Company issued 45,000 shares to a former employee for services rendered. The shares are reflected as shares to be issued as of September 30, 2017 (See Note 8).

On October 17, 2017, the Company issued stock certificates for, in the aggregate, 349,000 shares of its common stock which had been sold in connection with an offering of up to $2,000,000 of its common stock and warrants conducted in July 2017, and closed on July 21, 2017. Such shares were inadvertently not issued following such closing. One of the stock certificates noted above was issued for 70,000 shares of the Company's common stock, but should have been issued for 30,000 shares, so the Company will rescind 40,000 of such shares. The 309,000 shares (which does not include the 40,000 shares of common stock issued in error) are reflected as shares to be issued as of September 30, 2017 (See Note 8).

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

You should read the following discussion and analysis in conjunction with our unaudited financial statements and related notes contained in Part I, Item 1 of this Quarterly Report. Please also refer to the Note About Forward Looking Statements for information on such statements contained in this Quarterly Report immediately preceding Item 1.

Overview

MassRoots, Inc. is a Delaware corporation formed on April 24, 2013. Our principal place of business is located at 1624 Market Street, Suite 201, Denver, CO 80202, our telephone number is (833) 467-6687 and our corporate website is www.MassRoots.com/Investors.

As discussed in the Notes to the Financial Statements, the Company has experienced recurring losses and negative cash flows from operations since inception. We have relied on equity financing to fund operations. There can be no guarantee that we will ever become profitable, or that adequate additional financing will be realized in the future or otherwise may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our development efforts. We will need to generate significant revenues to achieve profitability and we may never do so. These factors raise substantial doubt about the Company's ability to continue as a going concern. We have been implementing our strategic plan, as set forth below, on which we believe we will be able to continue operations and become profitable in the future.

MassRoots was formed in April 2013 as a technology platform for the medical cannabis community and over the past four years, has empowered over a million cannabis consumers with the knowledge they need to shape local, state and corporate cannabis policies while making educated cannabis decisions within regulated markets. In July 2017, we merged with Odava, Inc. ("Odava"), and shifted our focus to providing compliance technology for cannabis businesses to run their business more efficiently, submit reports to state regulators, and build loyalty amongst consumers in their local neighborhoods.

Our platform is the heart of the cannabis industry ecosystem -- connecting dispensary operators, cultivators, cannabis consumers, and regulatory agencies in a closed-loop environment with compliance at the core. We are currently available to dispensaries and cultivators in the State of Oregon, and dispensaries are able to submit data to state regulators on a daily basis. Over the coming quarters, we plan to expand our regulatory compliance platform to the Alaska, Colorado, Maryland, Florida and California markets.

MassRoots and Odava's Value Proposition to State Regulators

Through our point-of-sale software, we enable dispensary operators to easily record sales, track inventory, and submit this data with state regulatory agencies on a daily basis. This provides regulators with a fully transparent snapshot of the entire cannabis supply chain with millions of data points, updated daily, which they can utilize to detect potential illegal diversion and ensure compliance with state regulations.

As part of our point-of-sale solution, we also provide an ID scanner to determine whether patients are over the age 18 or 21, depending on the state or local laws and regulations. Utilizing the same database of Department of Motor Vehicles information utilized by mainstream brands, IDs are checked against DMV databases in 46 states and provides the highest-level of age authentication publicly available, although such age confirmations may not always be correct.

We believe that by providing the software that makes the cannabis industry as compliant and transparent as possible, we will contribute to the acceleration of the spread of legal and regulated cannabis markets. We believe that the vast majority of prohibitionist policies are formulated based on incorrect data and preconceptions that can be objectively proven false.

MassRoots' and Odava's Value Proposition to Dispensary Operators

The Odava Retail Platform is available to dispensary operators in Oregon as a paid software-as-a-service platform to manage their point-of-sale, compliance and loyalty program operations. Our software streamlines dispensary operations and work flows, while enabling seamless interaction with their customers through the MassRoots App.

MassRoots' and Odava's Value Proposition to Users
MassRoots helps provide cannabis consumers with the information they need to influence local, state, and corporate cannabis policies, while staying better connected with dispensaries in their local areas. Cannabis consumers can view previous order history at local dispensaries, see which strains and products dispensaries have in stock, while receiving updates of legalization-related events happening in their local communities.

MassRoots' and Odava's Value Proposition to Investors
As a technology company, the MassRoots platform is able to rapidly scale with minimal marginal costs – each additional dispensary, user of our mobile application or cultivator that we add costs negligible server hosting fees. Our business model gives us exposure to every regulated cannabis market without establishing a physical presence in each state. This minimizes required capital while, at the same time, offering a direct role in the cannabis industry without ever touching the plant itself.

The Team
MassRoots has 6 full-time employees working at our headquarters in downtown Denver, Colorado, along with several outside contractors building out the technology platform.

2017 Elections
On November 7, 2017, voters in New Jersey and Virginia elected pro-legalization Governors who have both said they will move quickly to enact legislation that decriminalizes or legalizes marijuana in their States. This is in addition to a bevy of other positive news for marijuana reformers with the elections in Georgia, Ohio, Philadelphia, Detroit and New York. This comes on the heels of the 2016 elections where California, Nevada, Maine and Massachusetts voted to regulate the production and sale of cannabis for recreational purposes while Florida, North Dakota, Arkansas and Montana voters authorized its medical use.

Our business model is designed to benefit from this trend. When a new state passes a medical or recreational cannabis law, we are able to start registering users and businesses in that state with minimal incremental cost. Because MassRoots is not involved in the production or sale of cannabis, we do not have to build out-grow operations, open retail stores, or have a significant physical presence in the state in order to generate revenue. At the same time, MassRoots' financial model is not tied to the success of a particular location or brand—we believe we will have a significant percentage of all dispensaries and brands on our platform, making MassRoots a play on the industry as a whole.

Sitting at the intersection of healthcare on the medical cannabis side and a nascent industry on the recreational cannabis side, we believe the cannabis industry can continue to grow in any economic climate.

German Trading
The Company was made aware that its Common Stock has been trading on the Stuttgart Exchange and München Exchange in Germany, both under the ticker symbol 2R1. On November 10, 2017, the stock price closed at €0.157 on the Stuttgart Exchange and at €0.153 on the München Exchange.

Competition
As more of our localized advertising features come online throughout 2017, we are competing with dispensary locators and strain guides, such as WeedMaps and Leafly, for dispensaries' advertising budgets. Odava competes with cannabis seed-to-sale technology platforms such as MJ Freeway, BioTrack THC, Greenbits, Flowhub, and Treez. We believe the cloud-based infrastructure of our platform, its ease-of-use, the potential for automatic API integrations and dynamic regulatory compliance engine present a significantly higher value proposition than our competitors.

Results of Operations for the Three Months Ended September 30, 2017 as Compared to the Three Months Ended September 30, 2016

	Three Months Ended September 30,			
	2017	2016	$ Change	% Change
Revenues:	$ 11,516	$ 209,003	$ (197,487)	(95)%
Total operating expense	7,533,530	2,094,211	5,439,319	260%
Loss from operations	(7,522,014)	(1,885,208)	(5,636,806)	299%
Total other income (expense):	444,948	(1,567,456)	2,012,404	128%
NET LOSS	$ (7,077,066)	$ (3,452,664)	$ (3,624,402)	105%

Revenues

For the three months ended September 30, 2017 and 2016, we generated revenues of $11,516 and $209,003, respectively, a decrease of $197,487. Of the $11,516 generated in the three months ended September 30, 2017, all was made up of advertising revenue related to the MassRoots network. The decrease in revenues for the three months ended September 30, 2017 was primarily caused by a lack of revenues from the 420 Rally being generated in 2017.

Operating Expenses

For the three months ended September 30, 2017 and 2016, our operating expenses were $7,533,530 and $2,094,211, respectively, an increase of $5,439,319. For the three months ended September 30, 2017, these increases were mainly attributed to increased stock-based compensation to our employees and key consultants which, for 2017 was $5,510,554 as compared to $613,353 for the same period last year (a non-cash increase of $4,897,201). In addition we incurred additional consulting and other service provider fees and increases in payroll and payroll-related expenditures as we expanded our business.

Other Income (Expense)

For the three months ended September 30, 2017 and 2016, the Company recorded interest expense of $189,125 and $2,573,814, respectively. As of September 30, 2017, we had outstanding $1,095,000 in convertible notes. For the three months ended September 30, 2017 and 2016, the Company realized gains related to the fair value mark to market adjustments of its derivative liabilities of $634,073 and $1,006,358, respectively. The derivative liabilities are caused by certain price protections included in the notes and warrants issued as part of the Company’s convertible debt and common stock offering. For the three months ended September 30, 2017 and 2016, the Company recorded amortization of discount on notes payable of $187,272 and $676,617, respectively, included in the interest discussion above. In addition, during the three months ended September 30, 2016, we incurred non-cash interest and penalties relating to our convertible debt of $1,265,375 and $584,735, respectively.

Net Loss

For the three months ended September 30, 2017 and 2016, we had net losses of $7,077,066 and $3,452,664, respectively, an increase of $3,624,402, for the reasons discussed above.

Results of Operations for the Nine Months Ended September 30, 2017 as Compared to the Nine Months Ended September 30, 2016

	Nine Months Ended September 30,			
	2017	2016	$ Change	% Change
Revenues:	$ 289,130	$ 794,621	$ (505,491)	(64)%
Total operating expense	27,315,960	6,795,371	20,520,589	302%
Loss from operations	(27,026,830)	(6,000,750)	(21,026,080)	350%
Total other income (expense):	871,933	(2,254,354)	3,126,287	139%
NET LOSS	$ (26,154,897)	$ (8,255,104)	$ (17,899,793)	217%

Revenues

For the nine months ended September 30, 2017 and 2016, we generated revenues of $289,130 and $794,621, respectively, a decrease of $505,491. The $289,130 generated in the nine months ended September 30, 2017 was primarily comprised of advertising revenue related to the MassRoots network. The decrease in revenues for the nine months ended September 30, 2017 was primarily caused by no revenues from the 420 Rally being generated in 2017.

Operating Expenses

For the nine months ended September 30, 2017 and 2016, our operating expenses were $27,315,960 and $6,795,371, respectively, an increase of $20,520,589. This increase was mainly attributable to an increase stock based compensation to our employees and key consultants which, for 2017 was $19,882,527 as compared to $2,306,662 for the same period last year (a non-cash increase of $17,575,865). In addition we incurred additional consulting and other service provider fees and increases in payroll and payroll-related expenditures as we expanded our business.

Other Income (Expense)

For the nine months ended September 30, 2017 and 2016, the Company recorded interest expense of $189,125 and $3,575,008, respectively. As of September 30, 2017, we had outstanding $1,095,000 in convertible notes. For the nine months ended September 30, 2017 and 2016, the Company realized gains related to the fair value mark to market adjustments of its derivative liabilities of $986,058 and $1,320,654, respectively. The derivative liabilities are caused by certain price protections included in the warrants issued as part of the Company’s convertible debt and common stock offerings. For the nine months ended September 30, 2017 and 2016, the Company recorded amortization of discount on notes payable of $187,272 and $1,549,669, respectively, included in the interest discussion above. Lastly, during the nine months ended September 30, 2017, we sold our security investment in Flowhub for $250,000 realizing a gain on sale of securities of $75,000.

Net Loss

For the nine months ended September 30, 2017 and 2016, we had net losses of $26,154,897 and $8,255,104, respectively, an increase of $17,899,793, for the reasons discussed above.

Liquidity and Capital Resources

Net cash used in operations for the nine months ended September 30, 2017 and 2016 was $7,200,176 and $2,915,832, respectively. This increase was primarily caused by a widening net loss in the Company's operations, an increase in the value of options issued to employees, and an expansion of MassRoots' development team.

Net cash used in investing activities for the nine months ended September 30, 2017 and 2016 was $236,833 and $19,100, respectively. These investing activities in 2017 were proceeds from sale of securities of $250,000 and received $11,273 in connection with the acquisitions of DDDigtal Inc and Odava, net with the purchase of equipment, primarily computers, of $57,533, investment in convertible note of $300,000 and equity investment of $100,002. For the nine months ended September 30, 2016, $19,100 was used to purchase office equipment.

Net cash provided by financing activities for the nine months ended September 30, 2017 and 2016 was $7,429,841 and $2,675,231, respectively. During the nine months ended September 30, 2017, these funds came mainly from warrant and option exercises of $4,753,196, proceeds from sale of common stock and warrants of $1,198,000, proceeds from issuance of convertible debt of $942,500 and proceeds from related party advances of $442,500. While for the nine months ended September 30, 2016 the Company received proceeds from its March 2016 convertible debt offering and warrants of $1,420,000, for sale of common stock of $1,660,500 and option and warrant exercises of $621,331.

Capital Resources

As of September 30, 2017, we had cash on hand of $267,322 and as of September 30, 2017; there are warrants outstanding to purchase up to aggregate of 10,640,672 shares with an exercise prices of $0.50 to $.90 per share, which, if all were exercised, would supply $7,745,437 in cash to the Company.

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

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

Fundraising

During the nine months ended September 30, 2017, we received approximately $4,753,000 proceeds from the exercise of our previously issued warrants.

On July 21, 2017, we received aggregate gross proceeds to the Company of $1,198,000 in connection with the sale of 2,394,000 shares of common stock and warrants to purchase up to 2,394,000 shares of common stock.

On August 24, 2017, we received net proceeds to the Company of $942,500 in connection with the issuance of convertible notes and warrants to purchase $2,090,000 shares of common stock.

On September 27, 2017, we received aggregate gross proceeds to the Company of $420,000 in connection with the sale to two investors of a right to receive units of a cryptographic token at a fifty percent (50%) discount, if the Company conducts a public sale of such tokens on or before November 30, 2017. The $420,000 is included in amounts due to related parties at September 30, 2017.

Required Capital Over the Next Fiscal Year

We do not believe MassRoots has sufficient capital to become cash-flow positive from operations. We expect to need to raise at least $2,500,000 over the next quarter to continue to fund operations.

We prepared the accompanying condensed consolidated financial statements assuming that we will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. We have not yet established an ongoing source of revenues sufficient to cover our operating costs and allow us to continue as a going concern. Our ability to continue as a going concern depends on the ability to obtain adequate capital to fund operating losses until we generate adequate cash flows from operations to fund its operating costs and obligations. If we are unable to obtain adequate capital, we could be forced to cease operations.

We depend upon our ability, and will continue to attempt, to secure equity and/or debt financing. We cannot be certain that additional funding will be available on acceptable terms, or at all. Our management has determined that there is substantial doubt about our ability to continue as a going concern within one year after the condensed consolidated financial statements are issued.

The accompanying condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Off-Balance Sheet Arrangements

As of September 30, 2017, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

For a discussion of our accounting policies and related items, please see the Notes to the Financial Statements, included in Part I, Item 1 of this Quarterly Report.

ITEM 3. QUANTITATIVE & QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

As a “smaller reporting company”, we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2017. Based upon that evaluation, the Chief Executive Officer and Principal Accounting Officer concluded that our disclosure controls and procedures as of September 30, 2017 were not effective, for the same reasons as previously disclosed under Item 9A. “Controls and Procedures” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2016.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that the Company’s disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Company to disclose material information otherwise required to be set forth in the Company’s periodic reports.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-(f) of the Exchange Act) that occurred during the last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

Item 1A. Risk Factors

As a "smaller reporting company", we are not required to provide the information required by this Item.

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

The transactions described below were exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), as transactions not involving a public offering. The recipients of the securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. The recipient of the securities were also each an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act. All proceeds from the subscriptions for Common Stock and warrants to purchase shares of the Common Stock noted below will be, or have been, used for general working capital purposes.

On July 13, 2017, the Company consummated a reverse triangular merger, whereby it acquired all of the outstanding common stock of Odava Inc., a Colorado corporation. In connection with the merger, the Company issued 3,250,000 shares of Common Stock pro rata to all stockholders of Odava Inc., in exchange for all of their shares of common stock of Odava Inc., now our wholly-owned subsidiary.

In July 2017, the Company conducted an offering consisting of up to $2,000,000 of its shares of Common Stock and warrants. On July 21, 2017, the Company completed the first and final closing of the offering, thereby issuing 2,394,000 shares of unregistered Common Stock, along with five-year warrants to purchase up to 2,394,000 shares of Common Stock at $0.65 per share, to certain accredited investors, for gross proceeds of $1,198,000. On October 17, 2017, the Company issued stock certificates for, in the aggregate, 349,000 shares of Common Stock which were inadvertently not issued following the closing. However, one of such stock certificates was issued for 70,000 shares of the Company's common stock, but should have been for 30,000 shares, so the Company will rescind 40,000 of such shares.

In August 2017, MassRoots completed a private offering to certain accredited investors of six (6) month secured convertible notes with a principal amount of $1,045,000 (the "Bridge Notes") together with five (5) year warrants to purchase an amount of shares of Common Stock equal to the number of shares of Common Stock issuable upon the conversion of the notes in full and having an exercise price of $0.50 per share. The Bridge Notes were secured by all the assets of the Company, and each of the executive officers of the Company entered into a lock-up agreement whereby they agreed to not sell or offer any shares of Common Stock owned by them until the Bridge Notes were fully repaid, redeemed or converted. The Bridge Notes were convertible into shares of Common Stock at a price per share equal to the lower of (i) seventy five cents ($0.75), and (ii) a 25% discount to the price at which the Company next conducts an offering after the issuance date of the note; provided, however, if any part of the principal amount of the note remains unpaid at its maturity date, the conversion price would be equal to 65% of the average of the three (3) trading days with the lowest daily weighted average prices of Common Stock occurring during the fifteen (15) days prior to the notes' maturity date. Gross proceeds received by MassRoots in this offering were $950,000, while net proceeds were $942,500, after deducting any legal fees.

On September 27, 2017, the Company sold to two investors a right to receive units of a cryptographic token at a fifty percent (50%) discount, if the Company conducts a public sale of such tokens on or before November 30, 2017, for aggregate gross proceeds of $420,000. On October 4, 2017 and October 5, 2017, the Company sold to two investors a right to receive units of a cryptographic token at a fifty percent (50%) discount, if the Company conducts a public sale of such tokens on or before November 30, 2017, for aggregate gross proceeds of $25,000 and $100,000, respectively.

During the nine months ended September 30, 2017, the Company issued an aggregate of 41,153 shares of Common Stock upon the cashless exercise of options to purchase Common Stock, not including the cashless exercise by a member of our Board of Directors noted above, and issued an aggregate of 355,689 shares of Common Stock upon the cashless exercise of Common Stock purchase warrants.

During the nine months ended September 30, 2017, the Company issued an aggregate of 6,933,041 shares of Common Stock upon the cash exercise of Common Stock purchase warrants having an average exercise price of $0.696 per share, resulting in aggregate proceeds to the Company of $4,753,196.

During the nine months ended September 30, 2017, the Company issued an aggregate of 1,081,000 shares of its Common Stock in settlement of $108,100 of convertible debt.

Under the Company's 2017 Equity Incentive Plan, from January 1, 2017 through September 30, 2017, the Company issued, in the aggregate, 22,745,898 shares Common Stock for services rendered, valued at $14,204,255. During the same period, under the Company's 2017 Equity Incentive Plan, the Company issued ten (10) year options to purchase, in the aggregate, up to 2,854,000 shares of Common Stock at exercise prices ranging from $0.50 per share to $1.07 per share.

On September 6, 2017, a member of our Board of Directors acquired 394,858 shares of Common Stock upon a cashless exercise of 443,214 shares pursuant to a Stock Option Agreement, dated June 4, 2014, relating to options to purchase up to 750,000 shares of the Common Stock at $0.10 per share, was issued pursuant to the Company's 2014 Stock Incentive Plan. The shares were issued on October 5, 2017.

On October 5, 2017, the Company issued 45,000 shares to a former employee for services rendered.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Simple Agreement for Future Tokens

On September 28, 2017, the Company entered into a Simple Agreement for Future Tokens (the "SAFT Agreements") with two accredited investors (each, an "Investor"), relating to the future right to purchase, in the aggregate, $420,000 in units of a cryptographic token (a "Token") at a discount, if the Company conducts a public sale of its Tokens (a "Qualifying Token Sale"). On October 4, 2017 and October 5, 2017, the Company entered into SAFT Agreements with two additional Investors relating to the future right to purchase $25,000 and $100,000 of its Tokens, respectively, in a Qualifying Token Sale. Pursuant to the SAFT Agreements, in the event the Company conducts a Qualifying Token Sale, it will automatically issue to each Investor a number of Tokens equal to such Investor's SAFT Agreement investment, based on a rate that is fifty percent (50%) of the price per Token in the Qualifying Token Sale. In the event the Company sells Tokens in the Qualifying Token Sale at different prices, each Investor's Tokens shall be determined based on the most advantageous rate publicly marketed. The SAFT Agreements expire and terminate upon the earlier to occur of (a) the issuance of Tokens pursuant thereto; (b) repayment to the Investors in the event of a dissolution, liquidation or winding up of the Company, a termination of Company operations, or an assignment for the benefit of the Company's creditors; or (c) on November 30, 2017 if a Qualifying Token Sale has not occurred, unless extended for sixty (60) days by the Company in its sole discretion. No placement agents or were used or commissions paid in connection with the foregoing. The SAFT Agreements entered into on October 4, 2017 and October 5, 2017 further provide that (y) the SAFT Agreement will expire and terminate upon the occurrence of a determination that the Investor is not qualified to participate in the Qualifying Token Sale, or if the exchange selected to publicly sell the Tokens fails to issue to the Investor a trading account or similar vehicle before the Qualifying Token Sale and (z) upon a termination, the purchase amount will be repaid to the Investor. The Company has not conducted a Qualifying Token Sale to date, and cannot make any assurances as to when, or if at all, it will conduct a Qualifying Token Sale.

The foregoing description of the SAFT Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of SAFT Agreement filed as Exhibits 10.10 hereto, and incorporated herein by reference. Bracketed language in the form of SAFT Agreement reflects the additional provisions outlined above that are only in the SAFT Agreements entered into on October 4, 2017 and October 5, 2017.

The Company is providing this report in accordance with Rule 135c under the Securities Act, and the notice contained herein does not constitute an offer to sell the Company's securities, and is not a solicitation for an offer to purchase the Company's securities. The securities offered have not been registered under the Securities Act, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

The Company has sold the SAFT Agreements in a private placement in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder since, among other things, the above transaction did not involve a public offering. Additionally, the Company relied on similar exemptions under applicable state laws. The subscribers had access to information about the Company and their investments, took the SAFT Agreements for investment and not resale, and the Company took appropriate measures to restrict the transfer of the SAFT Agreements. Upon issuance, the resale of the SAFT Agreements will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

ITEM 6. EXHIBITS

(b) Exhibit Index

No.	Description of Exhibit	Note
2.1	Agreement and Plan of Merger between MassRoots, Inc. and Whaxy Inc. and DDDigtal Inc. and Zachary Marburger and the Stockholders of DDDigtal Inc., dated December 15, 2016.	(3)
2.2	Agreement and Plan of Merger between MassRoots, Inc. and MassRoots Compliance Technology, Inc. and Odava, Inc. and Scott Kveton and the Stockholders of Odava, Inc., dated July 5, 2017.	(5)
3.1	Amended and Restated Certificate of Incorporation of the Company.	(2)
3.2	Amendment to Amended and Restated Certificate of Incorporation of the Company.	(2)
3.3	The Company's Bylaws.	(2)
10.1	Form of Lock-Up Agreement between MassRoots, Inc. and each stockholder of DDDigtal Inc.	(4)
10.2	Form of Joinder Agreement to Agreement and Plan of Merger made by each stockholder of Odava, Inc. and agreed to and acknowledged by MassRoots, Inc. and MassRoots Compliance Technology, Inc.	(5)
10.3	Form of Subscription Agreement for the Purchase of Securities used in the July 2017 Equity Offering.	(6)
10.4	Form of Warrant used in the July 2017 Offering.	(6)
10.5	Form of Secured Convertible Original Issue Discount Notes used in the August 2017 Debt Offering	(7)
10.6	Form of Warrant used in the August 2017 Debt Offering	(7)
10.7	Form of Securities Purchase Agreement used in the August 2017 Debt Offering.	(7)
10.8	Form of Securities Agreement used in the August 2017 Debt Offering.	(7)
10.9	Separation Agreement, between the Mr. Isaac Dietrich and MassRoots, Inc., dated October 17, 2017.	(8)
10.10	Form of Simple Agreement for Future Tokens between the Company and investors in the SAFT Offering.	(1)
31.1	Certification of Principal Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	(1)
31.2	Certification of Principal Accounting Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	(1)
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	(1)
32.2	Certification of Principal Accounting Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	(1)
101	The following materials from the Company's Quarterly Report on Form 10-Q for the three-months ended September 30, 2017 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statements of Stockholders' Equity (Deficit), (iv) the Statements of Cash Flows, and (iv) the Notes to the Financial Statements.	(1)

(1) Filed herewith.
(2) Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on June 13, 2014.
(3) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 16, 2016.
(4) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 27, 2017.
(5) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 5, 2017.
(6) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 24, 2017.
(7) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 18, 2017.
(8) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 18, 2017.

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.

Dated: November 14, 2017

By: *\/s/ Scott Kveton*
Scott Kveton
Chief Executive Officer
(Principal Executive Officer)
(Principal Financial and Accounting Officer)

EXHIBIT 10.10

NOTICE TO RESIDENTS OF THE UNITED STATES

THE OFFER AND SALE OF THIS SECURITY INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE " ***SECURITIES ACT*** "), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

MassRoots, Inc.

SAFT
(Simple Agreement for Future Tokens)

THIS CERTIFIES THAT in exchange for the payment by **_____** (the " **Purchaser** ") of **_____** (the " **Purchase Amount** ") to **MassRoots, Inc.** , a Delaware corporation (the " **Company** "), the Company hereby issues to the Purchaser the right to units of MassRootsCoin, a cryptographic token (the " **Tokens** "), on the terms set forth below.

The " **Discount Rate** " is **50** %.
See **Section 2** for certain additional defined terms.

1. ***Events***

a. **Right to future Tokens** . In the event that the Company or any Nominated Entity operates a Qualifying Token Sale, the Company will automatically issue to the Purchaser, or will take all reasonable steps to procure that the Nominated Entity promptly issues to the Purchaser, a number of Tokens equal to the Purchase Amount divided by the Discount Price (the " **Purchaser Tokens"**). If the Qualifying Token Sale is offered at different prices depending on the time at which Tokens are purchased, the Purchase Amount will be considered to have been at the most advantageous rate publicly marketed. If the Company elects to operate the Qualifying Token Sale using a Nominated Entity, it will inform the Purchaser in writing. The performance by the Nominated Entity of the obligations of the Company under this agreement will duly discharge the obligations of the Company to the Purchaser. In connection with and prior to the issuance of Tokens by the Company to the Purchaser pursuant to this Section 1(a), (i) the Purchaser will execute and deliver to the Company any and all other transaction documents related to this SAFT, including verification of accredited investor status or non-U.S. person status under the applicable securities laws or such information as may be required to comply with financial regulations; and (ii) the Purchaser will provide to the Company a network address for which to allocate Purchaser's Tokens upon the Qualifying Token Sale.

b. **Dissolution Event** . If there is a Dissolution Event before this agreement expires or terminates, the Company will pay an amount equal to the Purchase Amount, due and payable to the Purchaser immediately prior to, or concurrent with, the consummation of the Dissolution Event. The Purchase Amount will be paid prior and in preference to any distribution of any of the assets of the Company to holders of outstanding capital stock by reason of their ownership thereof. If immediately prior to the consummation of the Dissolution Event, the assets of the Company legally available for distribution to the Purchaser and all holders of all other SAFTs (the " **Dissolving Purchasers** "), as determined in good faith by the Company's board of directors, are insufficient to permit the payment to the Dissolving Purchasers of their respective Purchase Amounts, then the entire assets of the Company legally available for distribution will be distributed with equal priority and *pro rata* among the Dissolving Purchasers in proportion to the Purchase Amounts they would otherwise be entitled to receive pursuant to this Section 1(b). Any distributed amounts shall be in U.S. Dollars.

a. **Termination** . This agreement will expire and terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this agreement) upon the earliest to occur of (i) the issuance of Tokens to the Purchaser pursuant to Section 1(a), (ii) the payment, or setting aside for payment, of amounts due the Purchaser pursuant to Section 1(b), *[(iii) the determination by Company or any Nominated Entity that Purchaser is not qualified to participate in the transaction contemplated by this agreement; (iv) the exchange selected to publicly sell the Tokens fails to issue to Purchaser a trading account or similar purchase vehicle on or before the Qualifying Token Sale; or (v)]* or (iii) November 30, 2017 (the " **Deadline Date** "), if the Qualifying Token Sale has not occurred as of such date; provided that, the Company shall have the right to extend the Deadline Date by sixty (60) days, in its sole discretion.

*b. **[Effects of Termination** . Upon any termination of this agreement, the Company will pay an amount equal to the Purchase Amount, due and payable to the Purchaser immediately prior to, or concurrent with, such termination. Any provision of this agreement that contemplates performance or observance subsequent to termination or expiration of this agreement will survive such expiration or termination.]*

2. ***Definitions***

" **Discount Price** " means the price per token of the Token sold in the Qualifying Token Sale divided by the Discount Rate.

" **Dissolution Event** " means (i) a voluntary termination of operations of the Company, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

" **Nominated Entity** " means a company or other organization, nominated by the Company to operate the Qualifying Token Sale.

" **Qualifying Token Sale** " means the operation by the Company or any Nominated Entity of a public sale of Tokens.

" **SAFT** " means an agreement containing a future right to Tokens in a Qualifying Token Sale.

3. ***Company Representations***

a. The Company is duly incorporated and validly existing under the laws of the State of Delaware, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

b. The execution, delivery and performance by the Company of this agreement is within the power of the Company and, other than with respect to the Qualified Token Sale and the actions to be taken when Tokens are to be issued to the Purchaser, has been duly authorized by all necessary actions on the part of the Company. This agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current certificate of incorporation or articles of association, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material indenture or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

c. To the knowledge of the Company, the performance and consummation of the transactions contemplated by this agreement do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

d. No consents or approvals are required in connection with the performance of this agreement, other than: (i) the Company's corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of a Qualifying Token Sale.

e. To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

4. ***Purchaser Representations***

a. The Purchaser has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

b. The Purchaser is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act. The Purchaser has been advised that this instrument is a security and that the offer and sale of this instrument have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Purchaser is purchasing this instrument for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. The Purchaser has such knowledge and experience in financial and business matters that the Purchaser is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Purchaser's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

c. The Purchaser enters into this SAFT with the predominant expectation that he, she or it, as the case may be, will profit upon the successful development of the Token and related network and Qualifying Token Sale arising from the efforts of the Company and its employees to develop and market the Token, the network and the Qualifying Token Sale.

d. The Purchaser hereby represents that none of the "bad actor" disqualifying events described in Rule 506(d)(1)(i)-(viii) promulgated under the Securities Act (a " **Disqualification Event** ") is applicable to the Purchaser or any of its Rule 506(d) Related Parties, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. For purposes of this Agreement, "Rule 506(d) Related Party" shall mean with respect to any Purchaser any individual, firm, corporation, partnership, association, limited liability company, trust or any other entity that is a beneficial owner of the Purchaser's securities for purposes of Rule 506(d) of the Securities Act.

5. ***Miscellaneous***

a. This instrument sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous disclosures, discussions, understandings and agreements, whether oral of written, between them. This instrument is one of a series of similar instruments entered into by the Company from time to time. Any provision of this instrument may be amended, waived or modified only upon the written consent of the Company and the holders of a majority, in the aggregate, of the Purchase Amounts paid to the Company with respect to all SAFTs outstanding at the time of such amendment, waiver or modification.

b. Unless otherwise expressly stated herein, all communications under this agreement will be in writing and may be made by letter or email. Any notice required or permitted by this agreement will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

c. The Purchaser is not entitled, as a holder of this agreement, to vote or receive dividends or be deemed the holder of capital stock for any purpose, nor will anything contained herein be construed to confer on the Purchaser, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

d. Neither this agreement nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided however,* the Company may assign this SAFT to a Nominated Entity in connection with a Qualifying Token Sale.

e. In the event any one or more of the provisions of this agreement is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this agreement operate or would prospectively operate to invalidate this agreement, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this agreement and the remaining provisions of this agreement will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

f. Each party to this Agreement acknowledges that Cooley LLP ("Cooley"), outside counsel to the Company, has in the past performed and is or may now or in the future represent one or more Purchasers or their affiliates in matters unrelated to the transactions contemplated by this instrument (the "Rights Offering"), including representation of such Purchasers or their affiliates in matters of a similar nature to the Rights Offering. The applicable rules of professional conduct require that Cooley inform the parties hereunder of this representation and obtain their consent. Cooley has served as outside counsel to the Company and has negotiated the terms of the Rights Offering solely on behalf of the Company. The Company and each Purchaser hereby (a) acknowledge that they have had an opportunity to ask for and have obtained information relevant to such representation, including disclosure of the reasonably foreseeable adverse consequences of such representation; (b) acknowledge that with respect to the Rights Offering, Cooley has represented solely the Company, and not any Purchaser or any stockholder, director or employee of the Company or any Purchaser; and (c) gives its informed consent to Cooley's representation of the Company in the Rights Offering.

g. This agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts together shall constitute the one agreement.

h. This agreement, and all rights and obligations hereunder, will be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of such jurisdiction.

(*Signature page follows*)

This agreement has been executed and delivered as a deed on the date appearing at the beginning of this deed.

Executed and delivered as a deed by MassRoots, Inc.

Signature:

Name: Isaac Dietrich
Position: Chairman & CEO
Address: 1624 Market St, Ste 201, Denver, CO 80202
Email:

in the presence of:-

Witness' Signature:-
Witness' Name:-
Witness' Occupation:-
Witness' Address:-

Executed and delivered as a deed by Purchaser:

Name:
Address:
Email:

in the presence of:-

Witness' Signature:-
Witness' Name:-
Witness' Occupation:-
Witness' Address:-

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, I, Scott Kveton, certify that:

1. I have reviewed this report on Form 10-Q of MassRoots, Inc., for the fiscal quarter ended September 30, 2017;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2017

/s/ Scott Kveton
Scott Kveton
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, I, Scott Kveton, certify that:

1. I have reviewed this report on Form 10-Q of MassRoots, Inc., for the fiscal quarter ended September 30, 2017;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2017

/s/ Scott Kveton
Scott Kveton
Principal Financial and Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of MassRoots, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Kveton, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 14, 2017

/s/ Scott Kveton
Scott Kveton
Chief Executive Officer, Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of MassRoots, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott Kveton, principal accounting officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 14, 2017

/s/ Scott Kveton
Scott Kveton
Principal Financial and Accounting Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.