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Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

The Coretec Group, Inc.

John Nobile

December 11, 2017

CRTG $0.21 — (OTC)

	2015A	2016A	9m17A
Revenues	$0	$0	$0
Earnings (loss) per share*	NA	$(0.06)	$(0.09)

52-Week range	$0.80 – $0.02	Fiscal year ends:	December
Common shares out as of 11/14/17	46.8 million	Revenue per share (TTM)	$0.00
Approximate float	17.5 million	Price/Sales (TTM)	NMF
Market capitalization	$10 million	Price/Sales (FY2018)E	NA
Tangible book value/share	NMF	Price/Earnings (TTM)	NMF
Price/tangible book value	NMF	Price/Earnings (FY2018)E	NA

** Includes 1:300 reverse stock split effective June 29, 2017, and the conversion of Series B preferred stock into common stock. There were no shares outstanding in 2015.*

Headquartered in Tulsa, Oklahoma, The Coretec Group is a supplier of silicon-based materials for commercial development in energy-focused verticals such as energy storage, solar, and solid-state lighting, as well as printable electronics and 3D displays. The company is also developing 3D projection display technologies.

Key investment considerations:

We continue to withhold a rating on The Coretec Group, Inc. given the high level of uncertainty surrounding its business and finances.

While it is too early to gauge how well the market will accept Coretec's technology, the market potential could be substantial. Some of the multi-billion dollar markets the company is targeting include Energy Storage, Solar Energy, Solid State Lighting, Printable Electronics, and 3D Displays.

In December 2017, Coretec announced that Dr. Ramez Elgammal, Ph.D., was appointed VP of Technology. Elgammal will oversee R&D, intellectual property protection, application development, and volume manufacturing.

Coretec anticipates initial sales of its silicon-based product, cyclohexasilane (CHS), could occur before the end of 2017, and that sales could approach $500,000 within a year.

CHS is a chemical that remains in liquid form at room temperature and does not convert to gas until heated above 400°F. This advantage leads to increased safety and lower handling and shipping costs when compared to Silane (a commonly used gas compound that may ignite at under 130°F) which is stored and transported as a gas. The production rate of silicon-forming using CHS can be increased by a factor of six over currently used materials.

The company has yet to generate revenue and its auditors have expressed substantial doubt about its ability to continue as a going concern.

Shares of Coretec may be suitable for high risk-tolerant investors looking to invest in disruptive technologies that offer upside potential pending market acceptance and penetration into the company's target markets.

****Please view our disclosures on pages 13 – 15.***

Recommendation

We are maintaining coverage of The Coretec Group, Inc. but continue to withhold a rating given the high level of uncertainty surrounding its business and finances.

Coretec anticipates initial sales of its silicon-based product could occur before the end of 2017. Sales could approach $500,000 within a year. While it is too early to gauge how well the market will accept Coretec's technology, we believe the increased safety, lower handling and shipping costs, and higher production rates of its silicon-based product when compared to Silane, could lead to significant opportunities within each respective market. We will closely monitor any initial sales in order to develop a better understanding of the market potential for this new technology.

While the company expects to generate revenue from its silicon-based product in the near-term, it has yet to generate any revenue since its inception (June 2, 2015) and its auditors have expressed substantial doubt about its ability to continue as a going concern.

Shares of Coretec may be suitable for high risk-tolerant investors looking to invest in disruptive technologies that offer upside potential pending market acceptance and penetration into the company's target markets.

Recent Development

Dr. Ramez Elgammal Appointed VP of Technology - In December 2017, The Coretec Group announced that Dr. Ramez Elgammal, Ph.D., was appointed VP of Technology. Elgammal will oversee R&D, intellectual property protection, application development, and volume manufacturing at Coretec.

Elgammal is a Senior Research Associate at the University of Tennessee where he manages a broad spectrum of projects in energy storage and energy generating devices including fuel cells, flow batteries, and lithium-ion batteries. He served as Director of New Applications for Sylvatex Inc. developing advanced lithium-ion battery materials. Prior to Sylvatex Elgammal co-founded two clean-tech companies: Novoform Technologies (which develops catalysts for gas-to-liquid conversion) and Saratoga Energy Research Partners (focused on electrochemical CO2 conversion process to synthesize carbon nanomaterials for lithium-ion battery anodes). Elgammal has over 40 publications and conference proceedings and 7 patents pending. M.Sc. Applied Physics and Ph.D. in chemistry at the California Institute of Technology (Caltech) as a Rosen Fellow. Honor's B.S. in chemistry from Central Michigan University where he was a Centralis Scholar.

Organizational History

The company was formed by the reverse acquisition of 3DIcon Corporation and Coretec Industries on September 30, 2016 where privately owned Coretec became a wholly owned subsidiary of 3DIcon. Coretec is focused on silicon forming chemicals while 3DIcon is focused on the development of next generation 3D displays.

3DIcon was originally drawn to Coretec based upon the prospect that its patented, silicon-based technology could contribute to solving chamber material issues relating to the company's 3D display technology, CSpace®. The significant opportunities presented by Coretec's technology led to the combination of the two companies.

In an effort to better reflect the company's focus after the merger (from a relatively narrow but promising volumetric 3Ddisplay technology, to include the multiple opportunities inherent in Coretec's technologies), the company decided to change its name to The Coretec Group, Inc. effective June 29, 2017.

On June 29, 2017, the company effected a 1:300 reverse stock split, the conversion of its Series B preferred stock into common stock, and began trading under the symbol TDCPD (formerly TDCP). The company began trading under the symbol CRTG on July 27, 2017.

A key advantage of the acquisition is to provide technological support in the enhancement of CSpace (discussed in next section). With access to Coretec's IP portfolio of silicon-based materials, the company can take advantage of Coretec's optical plastics knowledge for its CSpace image chamber. This should enable the company to mold the material used for CSpace into a broad range of shapes that is much lighter and less expensive than the glass material currently used. Coretec has the right to four patents for silicon-based composition technologies and the right to license an additional portfolio of eight patents for conversion of these technologies in silicon films, particles of various shapes, and silicon particles.

Company Overview

Headquartered in Tulsa, Oklahoma, The Coretec Group is a supplier of silicon-based materials for commercial development in energy-focused verticals such as energy storage, solar, and solid-state lighting, as well as printable electronics and 3D displays. The company is also developing 3D projection display technologies that are being designed to produce full color, 360-degree volumetric high-resolution images.

Silicon Forming Chemical Business – The company's underlying technology in this area is based on the production of cyclohexasilane (CHS), a chemical used in the formation of silicon, a crucial component in microelectronics and computer chips. Currently, the most commonly used material in the manufacture of silicon-based semiconductors and solar cells is silane, a flammable gas compound that may auto ignite under 130ºF. Media reports indicate there have been a number of fatal industrial accidents produced by the combustion and detonation of leaked silane in the air. A key advantage of CHS is that it remains in liquid form at room temperature and does not convert to a gas until heated above 400°F. CHS can be stored and transported as a liquid, which will lower handling and shipping costs when compared to Silane that is stored and transported as a gas. Also, the production rate of the silicon-forming step using CHS can be increased by a factor of six relative to currently used materials, leading to significant cost savings.

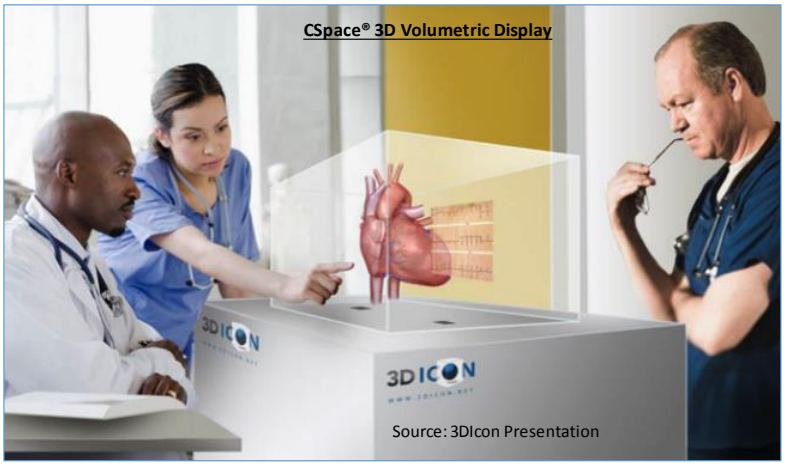
The company aims to have CHS used as an alternative to silane when adding silicon to lithium ion batteries or when used in manufacturing silicon-based semiconductors. Longer term potential exists in several emerging markets where there are opportunities in the conversion of CHS into nanoparticles and nanowires such as in energy storage, printable electronics, and building-integrated solar energy.

Coretec, under licenses from North Dakota State University (NDSU) Research Foundation, has commercial rights to certain key inventions created by NDSU that are based on novel silicon-based materials. These silicon-based materials can be used to make new or improved products and other commercial applications. Coretec's business model is granting revenue-generating licenses granted to strategic partners, followed by future sales of products developed and made by Coretec (or through joint ventures with other companies).

In December 2016, the company entered into a supply agreement with Gelest Inc. for the purchase and sale of CHS. As per the supply agreement, the company agreed to use Gelest as a primary source to manufacture the products for a period of three years. NDSU provided the raw materials required to produce CHS to Gelest in January 2017. Efforts by Gelest to scale the manufacturing process for CHS are ongoing with the goal of producing up to 400 grams of material that will be available for sale to potential customers.

3D Projection Display Business – The company is developing a patented volumetric 3D display technology that was developed at the University of Oklahoma under a sponsored research agreement. The company has obtained exclusive worldwide marketing rights to the technology. The development has resulted in multiple new technologies, two working laboratory prototypes, and eight patents.

The 3D volumetric display product, CSpace, offers glasses free, ultra-high resolution, 360º viewing of an image displayed in a static cube of rare-earth doped glass or plastic media (see picture at right). The company is currently seeking opportunities to overcome a challenge for CSpace, which is to produce a scalable image chamber material. In that regard, it is looking at a newly developed glass in Australia, and a lighter weight polymer that contains finely distributed light emitting particles involving Coretec technology. In an effort to obtain possible partners to further develop the technology, the company has signed an NDA with an interested party in Australia and discussions are being held with companies in the fields of microelectronics, batteries, and specialty chemical suppliers.



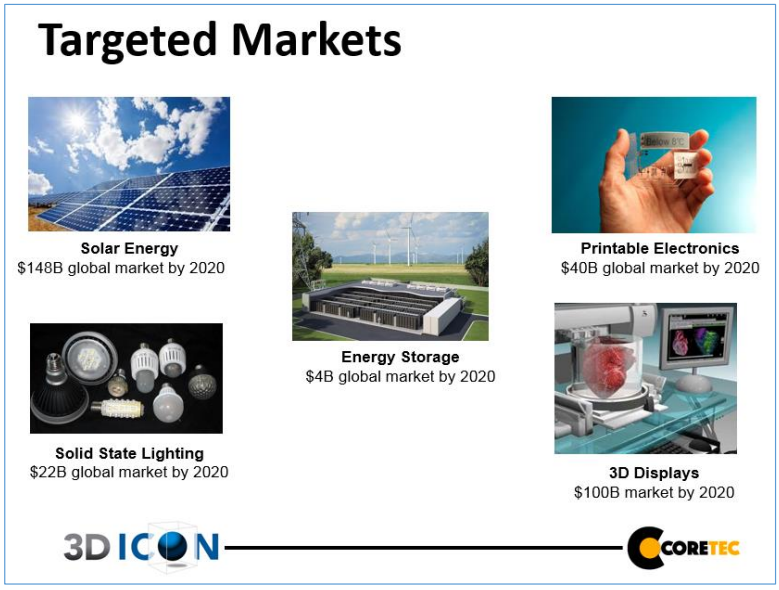
A volumetric display device forms a visual representation of an object in three physical dimensions, as opposed to the flat image of traditional screens that simulate depth through a number of different visual effects. Although many attempts have been made at volumetric 3D imaging, none have been good enough for commercialization.

Some of the benefits of 3D imaging over 2D include being three times more effective in certain medical imaging applications, as well as enhanced analysis for oil and natural gas exploration.

The company plans to commercialize the CSpace technology through customer funded research and development contracts and technology licensing agreements. Applications include but are not limited to the healthcare industry for use in diagnostics and telemedicine, military applications such as operational planning and simulation, and meteorological and oceanographic data visualization.

Markets

The company is targeting the solar energy, solid state lighting, energy storage, printable electronics, and 3D display markets. Additional markets include thermoelectric power generation, digital sensors, digital X-ray imaging, and quantum dots (very small semiconductor particles). The size of some of these markets can be seen in the picture at right. These markets are highly dependent on high-purity, semiconductor grade silicon. The company's aim is to have its CHS technology become an alternative to Silane, a gas compound currently used to form silicon.



Solar Energy – Solar power production in the US is growing strongly, underpinned by a combination of favorable government incentives and technological advancements. Most states have enacted mandatory or voluntary targets relating to energy production from renewable sources. These targets, which force utilities companies to diversify their energy portfolio, have contributed significantly to industry revenue growth during the past decade. Public pressure to improve US energy self-sufficiency and concerns regarding climate change are also likely to spur continued growth in solar power generation into 2021.

According to IBISWorld (October 2017), the US solar energy market is projected to reach $10.9 billion in 2022, up from an estimated $5.9 billion in 2017 for an average annual growth rate of approximately 13%. Driving growth will be favorable state legislation which is expected to continue making solar power cost more competitive with other energy sources. IBISWorld projects the price of silicon, the industry's main input, to continue to decline, lowering panel costs and driving growth.

Solid State Lighting (LED) – Light Emitting Diode (LED) lights are packaged arrays of light emitting diodes, which offer lasting, economical and environmentally friendly lighting. LEDs are semiconductor devices that produce light through a process called electroluminescence (an optical and electrical phenomenon in which a material emits light in response to the passage of an electric current or to a strong electric field). LED lighting products deliver high electrical efficacy, high reliability, and long lifespan. This results in energy savings, lower maintenance costs and environmental sustainability. LED lights offer an 80% energy savings as compared to traditional technology, and are more eco-friendly as they do not emit harmful gases like CO_2.

According to a report by MarketsandMarkets[1], the global solid-state and other energy-efficient lighting market was valued at $118.3 billion in 2015 and is projected to reach $174.5 billion by 2022, growing at a compound annual growth rate (CAGR) of 5.4% between 2016 and 2022. Driving growth will be rising demand for environment-friendly lighting technologies, a reduction in the overall maintenance costs of solid-state and other energy-efficient lighting products, and increased infrastructure growth in various developing countries.

Energy Storage – The energy storage market includes a wide range of technologies for storing energy that are classified as mechanical energy storage (such as pumped hydro), electrochemical energy storage (such as batteries of various types), thermal energy storage (such as molten salt), and chemical energy storage (such as energy converted and stored as hydrogen). The particular technology in this market that pertains to Coretec is electrochemical energy storage.

In the electrochemical energy storage market, the Lithium-Ion (Li-Ion) battery is one of the company's targeted markets. The first Li-Ion batteries were released in 1991 and their high energy density and efficiencies made them suitable for consumer electronics. The booming demand for mobile technologies, portable electronics and electric vehicles is driving a continual search for advancements in energy storage. As dependence on these technologies grows, technology developers and battery manufacturers look to provide solutions that offer a longer life span so more time can be spent using these devices with less time spent charging a battery. One of the most common solutions seen in almost every mobile device is the Lithium-Ion battery.

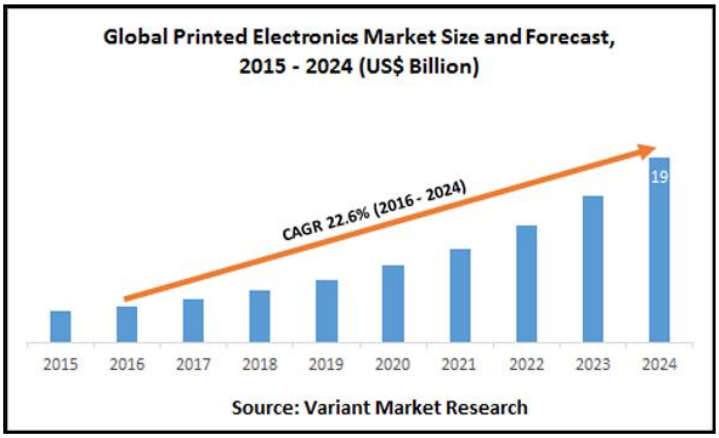
The research firm MarketsandMarkets projects the Li-Ion battery market to be valued at approximately $69 billion by 2022, growing at a CAGR of 16.6% between 2016 and 2022. Factors driving growth include increased demand for electric vehicles, strict government mandates on fuel economy, growing demand for smart devices and other consumer electronics, and further development towards the enhancement of Li-Ion batteries.

Printable Electronics – Printable electronics are electronics systems, subsystems, and components, which are produced by low cost coating, patterning, and printing processes. Printable electronics are usually fabricated at ambient temperature in contrast to conventional semiconductor electronics technologies which are usually based on higher temperature technologies. The major advantages of printable electronics include the ability to fabricate lightweight, flexible, and low cost products.

Typical applications for printable electronics include flexible solar cells, batteries, sensors, and lighting products. A prime application for the company's technology is the printing of electronic sensors for asset management control (encompasses physical devices such as sensors, intelligent electronic devices, smart meters, etc. that share real-time data with an operations center). While energy related industries are a primary focus of the company, asset management is of growing interest across many industries including healthcare, industrial processing, and aerospace & defense.

1. "Solid-State and Other Energy-Efficient Lighting Market by Technology (Solid-State, HID, Fluorescent), Installation Type (New &Retrofit), Offering (Hardware, Software, & Services), Application, and Geography – Global Forecast to 2022" MarketsandMarkets. February 2017.

According to a report by Variant Market Research[2], the global printed electronics market is estimated to reach $19 billion by 2024, growing at a CAGR of 22.6% from 2016 (see chart at right). Low cost manufacturing, a wide range of substrates, and eco-friendly technology are the major factors driving the global printable electronics market.



3D Display – 3D displays come in three types, volumetric, stereoscopic, and head mounted displays. The company is currently focused on volumetric displays.

Volumetric displays create images that occupy a true volume and produce imagery that appears three-dimensional and can be viewed without the use of additional eyewear. The technology appears promising with applications in medical, aerospace &defense, automotive, and industrial sectors.

In the medical sector, volumetric displays are used for medical imaging applications such as X-ray, CT and MRI scans, etc. The clarity of volumetric displays offer a better diagnosis and can be used for surgical procedures. MarketsandMarkets projects the volumetric display market to reach $348 million by 2020 for a CAGR of approximately 33% from 2015.

Competition; Competitive Advantage

Silicon-based Materials - Based on market research and competitive analysis, the company believes its Cyclohexasilane (CHS) technology is unique and has certain advantages over competing technologies. CHS allows for high yield production at low cost using readily available raw materials. Other advantages include lower storage and transport costs due to CHS being transported and use as a liquid at room temperature, and processing of the liquid into silicon when heated. Competing silanes exist as a gas at room temperature and can be explosive resulting in greater cost during storage, handling, transportation and use. The company's closest competitor in this area is cyclopentasilane, which exists as a gas at room temperature and has proven costly and difficult to manufacture. Examples of potential competitors for specific applications include graphene and carbon nanotubes in printable electronics.

3D Technology - Based on market research and competitive analysis, the company believes its CSpace volumetric technology is unique and has advantages over other 3D technologies. The company claims that its 3D technology can deliver a true, 360 degree viewing experience for multiple simultaneous users, and high image quality and reliability with a large image size.

Rear projection 3D displays such as those from Zecotek, Setred, and EuroLCDs (formerly LC Tech LightSpace) do not provide 360 degree viewing and are typically limited to one or two users. Early proof of concept work done on infrared active phosphor displays by 3D Display Laboratories proved to not be scalable and holographic displays do not deliver a true 360 degree viewing experience.

2. "Printed electronics Market (By Technology: Flexography, Ink-jet printing, Gravure printing, Screen printing; By Application: Automotive, Retail &packaging, Electronics, Display, Others; By Material: Substrates, Inks; By Geography: North America, Europe, Asia Pacific, ROW) Global Scenario, Market Size, Outlook, Trend and Forecast, 2015-2024" Variant Market Research. February 2017.

Strategy

Silicon-based materials - The company's business model is to identify and license technology created by major universities, institutions, national laboratories and other research centers prior to partnering with leading manufacturers for commercialization.

The initial candidates for licensing are centered upon the silicon technologies developed at NDSU which includes methods to produce and process CHS, derivatives of CHS, and their conversion into certain products for application to solar energy, solid-state lighting, printable electronics, energy storage, and displays.

3D Technology – The company's 3D commercialization strategy includes licensing, co-development, distribution, and direct sales. CSpace is best suited to licensing or co-development with large, well-funded partners who may have complementary products and sales channels that can be leveraged to benefit from the company's technologies.

In addition to commercial applications, the company has launched a federal outreach program designed to attract federal research funding for 3D technologies that may have applications in homeland security, military and intelligence.

3Q and Nine Months 2017 Financial Results

3Q17 – The company did not generate revenue in 3Q17 or 3Q16. The net loss was $332,000 or $(0.01) per share (adjusted for 1:300 reverse split) versus a net loss of $192,000 in 3Q16 (there were no shares outstanding in 2Q16).

General and administrative expenses increased to $173,000 from $110,000 due primarily to increased consulting and compensation costs.

Research and development expenses decreased to $62,000 from $70,000 due primarily to decreased activity under the NDSU license agreement.

Interest expense increased to $96,000 from $12,000 due primarily to increased debt levels.

Nine Months 2017 – The company did not generate revenue in the first nine months of 2017 or 2016. The net loss was $1.3 million or $(0.09) per share (adjusted for 1:300 reverse split) versus a net loss of $349,000 in the first nine months of 2016 (there were no shares outstanding in 1H16).

General and administrative expenses increased to $770,000 from $174,000 due primarily to increased consulting and compensation costs.

Research and development expenses increased to $323,000 from $152,000 due primarily to increased activity under the NDSU license.

Interest expense increased to $220,000 from $23,000 due primarily to increased debt levels.

	9m17A	9m16A
Revenue	-	-
Research and development	323	152
General and administrative	770	174
Operating income / (loss)	(1,093)	(326)
Interest expense	(220)	(23)
Net income/(loss)	(1,313)	(349)
EPS	(0.09)	NA
Shares Outstanding*	14,902	NA
Margin Analysis		
R&D	NMF	NMF
General and administrative	NMF	NMF

*9/17A reflects 1:300 reverse split of common stock
Source: Company filings

Liquidity – As of September 30, 2017, the company's current liabilities exceeded current assets by approximately $2.3 million. Total debt is $1.5 million of which almost all of it (95%) is current.

Cash used in operations in the first nine months of 2017 was approximately $542,000 consisting of a cash loss of $1.1 million, partly offset by a $568,000 decrease in working capital. The change in working capital was primarily due to increased payables and accrued liabilities. Cash of $557,000 provided by financing consisted primarily of increased debt. Cash increased by $15,000 to $16,000 at September 30, 2017.

The bulk of the company's debt (its current debt), consists of $1.3 million of 14% related party term loans due June 2018.

Economic Outlook

In October 2017, the International Monetary Fund (IMF) raised its economic growth estimate for the US to 2.2% in 2017 and 2.3% in 2018, up from its earlier (July 2017) growth forecast of 2.1% for both years. The upward revision reflects strong, broad based US economic activity in 1H17.

The second estimate of US GDP growth (released on November 29, 2017) showed the US economy grew at an annual rate of 3.3% in 3Q17, up from 3.1% in 2Q17. The 3Q17 US GDP growth estimate primarily reflects increases in consumer spending, inventory investment, business investment, and exports. Partly offsetting these contributions to GDP growth was a decrease in housing investment.

Revenue Outlook

The company expects to generate future revenue from its silicon forming materials based on establishing joint ventures with silicon material suppliers and OEM's.

Coretec anticipates initial sales of its silicon-based product, CHS, could occur before the end of 2017, and that sales could approach $500,000 within a year.

The company expects to generate future revenue from its 3D display technology through licensing, co-development, distribution, and direct sales. The company has launched a federal outreach program designed to attract federal research funding for 3D technologies that may have applications in homeland security, military and intelligence.

Risks

In our view, these are the principal risks underlying the stock.

Going concern issues – The company currently has insufficient revenues to fund development and operating expenses. From inception to September 30, 2017, the company has incurred net losses, as well as a working capital deficiency of $2.3 million and no revenue. As a result, there is substantial doubt about the company's ability to continue as a going concern.

Limited operating history, and a history of operating losses – The Coretec Group, Inc. has a limited operating history and an accumulated deficit of $2.2 million as of September 30, 2017. There can be no assurance that the company can achieve revenue or profitability in the future.

Integration risk – The integration of 3DIcon and Coretec may be a complex, time-consuming and costly process. The failure to successfully integrate these operations may have a material adverse effect on the company's business and financial condition.

Competition – The company operates in a highly competitive industry. Competitors may have greater financial resources, as well as other strategic advantages, which may better position them to adapt to changes in the industry or economy. New entrants may increase competition and have a material adverse effect on the company's business.

Technological obsolescence – The company operates in rapidly changing, highly competitive markets. Technological advances, the introduction of new products, and new design techniques by competitors, could render the company's products less competitive or obsolete.

Ineffective controls over financial reporting – As of September 30, 2017, the company's disclosure controls and procedures were deemed not effective as the company does not have sufficient resources in its accounting function. To help address this material weakness, management will engage financial consultants.

Potential dilution - There are a large number of shares underlying the company's convertible debentures and preferred stock. Conversion of these securities will cause dilution to existing stockholders.

Liquidity risk - Shares of The Coretec Group, Inc. have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in stock price. There are 17.5 million shares in the float and the average daily volume is approximately 4,000 shares.

Miscellaneous risk - The company's financial results and equity values are subject to other risks and uncertainties including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Consolidated Balance Sheets
(in thousands $)

	2015A	2016A	9/17A
Cash	9	1	16
Prepaid expenses	2	45	49
Other intangible assets	-	12	3
Due from related party	5	-	-
Total current assets	16	58	68
Net property and equipment	7	6	2
Patents	-	1,380	1,320
Goodwill	-	166	166
Deposits-other	-	2	2
Total assets	**23**	**1,612**	**1,558**
Notes payable	-	114	1,375
Accounts payable and accrued expenses	25	351	785
Accrued interest payable	3	89	228
Total current liabilities	28	554	2,388
Notes payable	130	1,054	79
Total liabilities	**158**	**1,608**	**2,467**
Preferred stock	1	1	-
Common equity	(136)	3	(909)
Total stockholders' equity	**(135)**	**4**	**(909)**
Total liabilities & stockholders' equity	**23**	**1,612**	**1,558**

Source: Company filings

Income Statements for the Fiscal Years Ended
(in thousands $)

	2015A*	2016A
Revenue	-	-
Research and development	5	301
General and administrative	118	384
Operating income / (loss)	(123)	(685)
Interest expense	(12)	(60)
Net income/(loss)	(135)	(745)
EPS	NA	(0.06)
Shares Outstanding**	NA	11,760
Margin Analysis		
R&D	NMF	NMF
General and administrative	NMF	NMF

*From inception (June 2, 2015) to December 31, 2015
**2016 includes 1:300 reverse split and conversion of Series B pfd. stock into a weighted average of 10.5 million shares of common stock
Source: Company filings

Income Statement for the Quarterly Periods Ended
(in thousands $)

	3m 9/17A	3m 9/16A
Revenue	-	-
Research and development	62	70
General and administrative	173	109
Operating income / (loss)	(235)	(179)
Interest expense	(96)	(12)
Net income/(loss)	(331)	(191)
EPS	(0.01)	NA
Shares Outstanding*	34,826	NA
Margin Analysis		
R&D	NMF	NMF
General and administrative	NMF	NMF

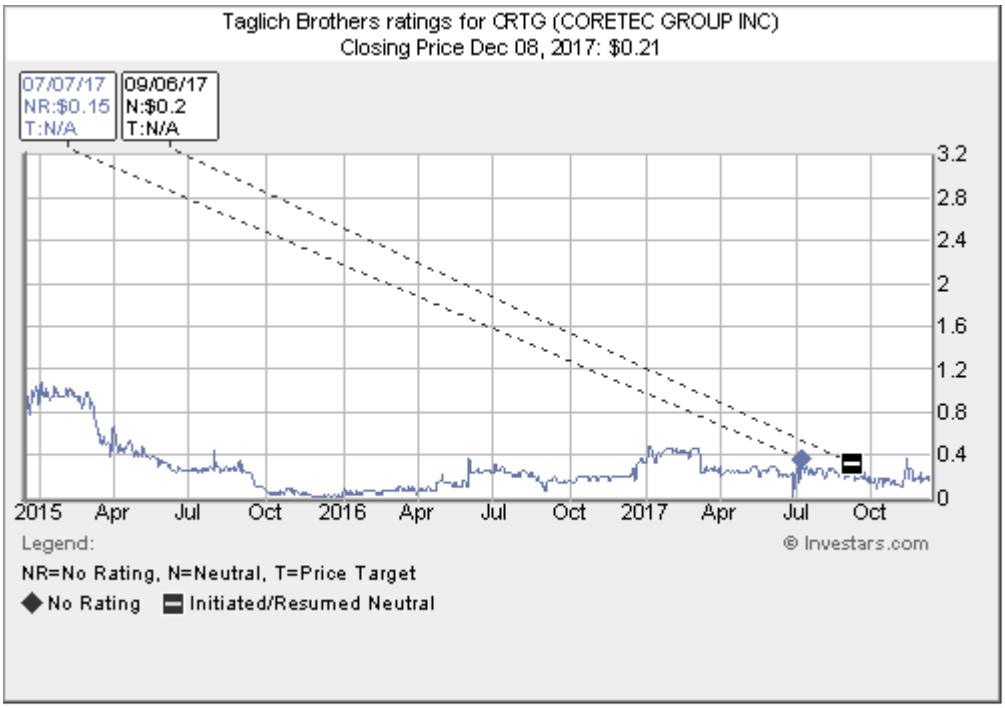
*9/17A reflects 1:300 reverse split of common stock
Source: Company filings

Statement of Cash Flows for the Periods Ended
(in thousands $)

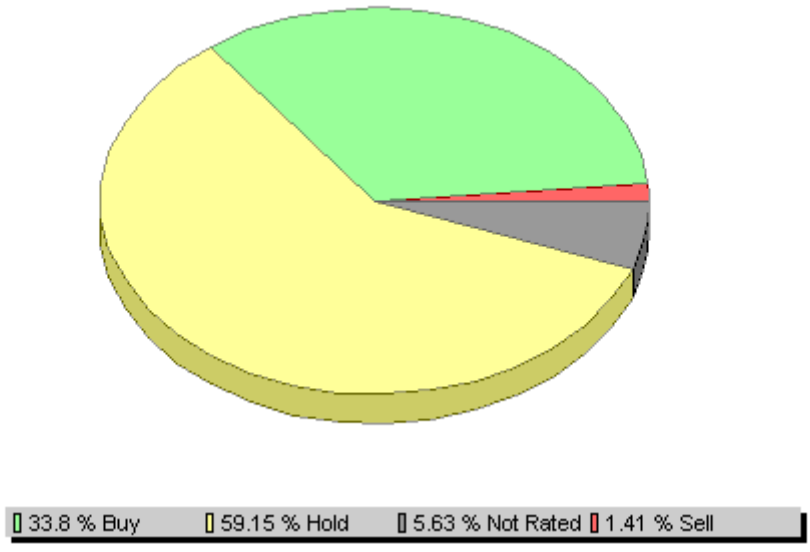
	2015A*	2016A	9m17A
Net income/(loss)	(135)	(745)	(1,313)
Depreciation & amortization	1	28	150
Options issued	-	-	50
Loss on sale of property and equipment	-	-	3
Cash earnings (loss)	(134)	(717)	(1,110)
Changes in assets and liabilities			
Prepaid expenses	(2)	4	(4)
Accounts payable and accrued liabilities	27	140	572
(Increase) decrease in working capital	25	144	568
Net cash provided by (used in) operations	**(109)**	**(573)**	**(542)**
Cash acquired in reverse acquisition	-	76	-
Purchase of property and equipment	(8)	-	(2)
Payments from (advances to) related party	(5)	5	-
Proceeds from sale of property and equipment	-	-	2
Purchase of intangible assets	-	(20)	-
Net cash provided by (used in) investing	**(13)**	**61**	**-**
Payments on insurance premium financing	-	(15)	(28)
Proceeds from notes payable	131	519	585
Net cash provided by (used in) financing	**131**	**504**	**557**
Net change in cash	**9**	**(8)**	**15**
Cash - beginning of period	**-**	**9**	**1**
Cash - end of period	**9**	**1**	**16**

* From inception (June 2, 2015) to December 31, 2015
Source: Company filings

Price Chart



Taglich Brothers' Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	**2**	**10**
Hold		
Sell		
Not Rated	**1**	**33**

Important Disclosures

As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families do not have a position in the stock of the company mentioned in this report. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company mentioned in this report and was not a manager or co-manager of any offering for the company within the last three years.

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Public companies mentioned in this report:

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Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Dropping Coverage – Research coverage discontinued due to the acquisition of the company, termination of research services, non-payment for such services, diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

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