

EXHIBIT 2



You are hereby notified that a copy of our arbitration agreement and this demand are being filed with the American Arbitration Association with a request that it commence administration of the arbitration. The AAA will provide notice of your opportunity to file an answering statement.

Name of Respondent: **MassRoots, Inc., Isaac Dietrich, Daniel Meeks and Empire Services, Inc.**

Address: **See attached Demand for Arbitration**

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| City: | State: Select... | Zip Code: |
|-------|-------------------------|-----------|

| | |
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| Phone No.: | Fax No.: |
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Email Address: **investor@massroots.com; isaacdietrich@gmail.com; dmeeks@empiremetalcorp.com.**

Name of Representative (if known): **Andrea Cataneo**

Name of Firm (if applicable): **Mitchell Silberberg & Knupp LLP**

Representative's Address: **437 Madison Ave., 25th Floor**

| | | |
|-----------------------|------------------------|------------------------|
| City: New York | State: New York | Zip Code: 10022 |
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|--------------------------------|----------|
| Phone No.: 917.546.7702 | Fax No.: |
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Email Address: **ajc@msk.com**

The named claimant, a party to an arbitration agreement which provides for arbitration under the Commercial Arbitration Rules of the American Arbitration Association, hereby demands arbitration.

Brief Description of the Dispute:

See attached Demand for Arbitration

Dollar Amount of Claim: \$ **Not less than \$12 million**

Other Relief Sought: Attorneys Fees Interest Arbitration Costs Punitive/Exemplary

Other: **Specific performance of contractual obligations and imposition of constructive trust.**

Amount enclosed: \$ **5,500**

In accordance with Fee Schedule: Flexible Fee Schedule Standard Fee Schedule

Please describe the qualifications you seek for arbitrator(s) to be appointed to hear this dispute:

Experience with complex commercial disputes and securities law.

Hearing locale: **Denver, Colorado**

(check one) Requested by Claimant Locale provision included in the contract

Estimated time needed for hearings overall: **12** hours or days



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|---|------------------|--|
| Type of Business: | | |
| Claimant: Investment Management Firm | | Respondent: cannabis multi-media and metal recycling |
| Are any parties to this arbitration, or their controlling shareholder or parent company, from different countries than each other? Yes. | | |
| Signature (may be signed by a representative): <i>David Feuerstein</i> | | Date: 6/30/21 |
| Name of Claimant: Iroquois Master Fund, Ltd. | | |
| Address (to be used in connection with this case): See attached Demand for Arbitration | | |
| City: | State: Select... | Zip Code: |
| Phone No.: | Fax No.: | |
| Email Address: c/o David Feuerstein (David@dfmklaw.com) and Rich Trotter (Rich@dfmklaw.com) | | |
| Name of Representative: David Feuerstein | | |
| Name of Firm (if applicable): Feuerstein Kulick LLP | | |
| Representative's Address: 810 Seventh Avenue, 34th Floor | | |
| City: New York | State: New York | Zip Code: 10019 |
| Phone No.: 646-768-0588 | Fax No.: | |
| Email Address: David@dfmklaw.com and Rich@dfmklaw.com | | |
| To begin proceedings, please file online at www.adr.org/fileonline . You will need to upload a copy of this Demand and the Arbitration Agreement, and pay the appropriate fee. | | |

FEUERSTEIN KULICK LLP

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Richard W. Trotter (rich@dfmklaw.com)

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New York, New York 10019

Telephone: 646-768-0588

Attorneys for Claimant, Iroquois Master Fund Ltd.

**AMERICAN ARBITRATION ASSOCIATION
DENVER, COLORADO OFFICE**

IROQUOIS MASTER FUND LTD.

Claimant,

v.

MASSROOTS, INC, ISAAC DIETRICH,
DANIEL MEEKS, and EMPIRE SERVICES,
INC.

Respondents.

AAA Case No.

Claimant Iroquois Master Fund Ltd. (“Iroquois” or “Claimant”) by and through its undersigned attorneys, Feuerstein Kulick LLP, as and for its Demand for Arbitration against MassRoots, Inc. (“MassRoots” or the “Company”), Isaac Dietrich (“Dietrich”), Daniel Meeks (“Meeks” and, together with Dietrich, the “Individual Respondents”) and Empire Services, Inc. (“Empire” together with Massroots and the Individual Respondents, the “Respondents”) hereby alleges and states as follows:

PRELIMINARY STATEMENT

1. This demand for money damages and equitable relief arises from (i) MassRoots’ failure to reserve more than 150 million shares of common stock (the “Warrant Shares”) that

Iroquois is entitled to purchase pursuant to a warrant issued by the Company (the “Warrant”¹), (ii) the Company’s repudiation of its obligation to deliver the Warrant Shares to Iroquois, and (iii) the Individual Respondents’ scheme to transfer millions of shares in the Company to acquire Empire – a company wholly owned and controlled by Meeks.

2. As set forth more fully below, MassRoots purports to be a cannabis multi-media company whose stock publicly trades over the counter or “OTC”. Dietrich is the Company’s founder and CEO, and Meeks is its President and the Chairman of its Board of Directors.

3. On July 21, 2017, MassRoots issued the Warrant, which Iroquois subsequently purchased from an unrelated third-party in 2019.²

4. The Warrant entitles Iroquois to purchase up to a total of 156,250,079 Warrant Shares at an exercise price of \$.0004 per share at any time through and including the fifth anniversary of the issuance of the Warrant (*i.e.*, July 21, 2022).

5. Pursuant to Section 6 of the Warrant, the Company covenanted to “at all times reserve and keep available . . . the number of Warrant Shares . . . deliverable upon the exercise of this entire Warrant.”

6. In addition, the Company covenanted that, if it did not at any time have a sufficient number of Warrant Shares in reserve, it would use its “best efforts to increase the number of its authorized shares such that the Company will have a sufficient amount of Common Stock authorized to reserve for the Warrant Shares.”

7. Despite MassRoots’ express and unambiguous promises, when Iroquois inquired about exercising the Warrant in February of 2021, the Company informed Iroquois

¹ A true and correct copy of the Warrant is attached as Exhibit A hereto.

² Though not the original holder, Iroquois is properly identified as the current “Holder” of the Warrant in the copy attached as Exhibit A, as the Company periodically reissued the Warrant (with its original issuance date) to reflect the then-current number of Warrant Shares owed, and the current Holder.

that it could not deliver the Warrant Shares because the Company had failed to reserve the requisite number (or anything approaching the requisite number) of authorized shares.

8. In addition to failing to reserve the Warrant Shares and repudiating its obligation to deliver them to Iroquois, the Company has also failed to take any steps to increase the number of available shares of its common stock.

9. Instead, the Company – under the leadership of the Individual Respondents – is now attempting to transfer 495 million shares of its common stock (worth more than \$14 million) to Meeks, as part of the Company’s planned acquisition of Empire, a metal recycling company wholly owned by Meeks (the “Acquisition”).

10. At the same time, Meeks told individuals at Iroquois that MassRoots will **never** issue the Warrant Shares to Iroquois.

11. In other words, Meeks (in his capacity as the Chairman of MassRoots) has caused the Company to ignore its obligations to Iroquois in order to benefit himself.

12. As a result of Meeks’ self-dealing and MassRoots’ numerous breaches of the Warrant, Respondents have collectively (and/or individually) converted the Warrant Shares and unjustly enriched themselves to Iroquois’ detriment.

13. Accordingly, Iroquois now seeks an award of (i) specific performance of the Warrant, (ii) money damages in an amount to be determined at the hearing, but not less than \$12 million, (iii) equitable relief including but not limited to the imposition of a constructive trust upon all Respondents, (iv) the reasonable attorneys’ fees that Iroquois incurs in bringing this arbitration, and (v) whatever further relief the arbitrator deems just and proper.

THE PARTIES

14. Iroquois is a limited liability company created under the laws of the Cayman Islands with its principal place of business at 125 Park Avenue, 25th Floor, New York, New York, 10017.

15. MassRoots is a corporation organized under the laws of the State of Delaware, with its principal place of business at 7083 Hollywood Boulevard, Office 4084, Los Angeles, California, 90028.

16. Dietrich is the founder and CEO of MassRoots and, upon information and belief, resides in Los Angeles, California.

17. Meeks is, upon information and belief, the founder, sole shareholder and President of Empire, as well as the current President and Chairman of MassRoots, and resides in Portsmouth, Virginia.

18. Empire is a corporation organized under the laws of the Commonwealth of Virginia, with its principal place of business at 1500 Steel Street, Chesapeake, Virginia, 23323.

JURISDICTION AND VENUE

19. Section 14 of the Warrant provides that “[t]he parties hereto will submit all disputes arising under this Agreement to arbitration in Denver, Colorado before a single arbitrator of the American Arbitration Association (‘AAA’).” Section 14 further provides that “[n]o party hereto will challenge the jurisdiction or venue provisions provided in this Section 14.” (Ex. A [Warrant] § 14 at 10.)³

³ Due to a drafting error, the sections of the Warrant are not numbered sequentially, and certain section numbers are repeated more than once. Thus, when citing to the Warrant, Claimant will refer to the applicable section number as stated in the Warrant, together with the page(s) number(s) (which are sequential) to avoid any confusion as to which section of the Warrant Claimant is referring.

RELEVANT FACTUAL BACKGROUND

MassRoots Issues, and Iroquois Purchases, the Warrant

20. On July 21, 2017, MassRoots issued the Warrant.

21. In 2019, Iroquois purchased the Warrant from an unrelated third-party, and the Company subsequently reissued the Warrant (with its original issuance date) to reflect the current Holder and the then-current number of Warrant Shares owed thereunder.

22. The Warrant entitles Iroquois to “purchase from the Company up to a total of 156,250,079 shares of common the stock, \$.001 par value per share (the ‘Common Stock’), of the Company (the ‘Warrant Shares’) at an exercise price equal to \$.0004 per share (the ‘Exercise Price’).” (Ex. A [Warrant] at 1.)

23. Iroquois may exercise the Warrant “any time after issuance through and including the fifth (5th) anniversary of its issuance (the ‘Expiration Date’).” (Id.)

24. Pursuant to Section 6 of the Warrant, the Company covenanted to “at all times reserve and keep available . . . the number of Warrant Shares . . . deliverable upon the exercise of this entire Warrant.” (Id. § 6 at 3-4).

25. The Company also covenanted that, if it did not at any time have a sufficient number of Warrant Shares in reserve, it would use its “best efforts to increase the number of its authorized shares such that the Company will have a sufficient amount of Common Stock authorized to reserve for the Warrant Shares.” (Id.)

26. Upon Iroquois’ exercise and surrender of the Warrant, MassRoots was obligated to “promptly (but in no event later than five (5) business days after the Date of Exercise (as defined [therein]) issue or cause to be issued and cause to be delivered to [Iroquois] . . . a certificate for the Warrant Shares.” (Id. § 1(b) at 2.)

27. The Warrant contained a liquidated damages provision providing, in relevant part:

In the event the Common Stock representing the Warrant Shares is not delivered . . . then the Company shall pay to [Iroquois] in cash two percent (2.0%) of the dollar value of the Warrant Shares to be issued for the first day after the Delivery Date that the Warrant Shares are not delivered, and an additional two percent (2.0%) of the dollar value of the Warrant Shares to be issued after the Delivery Date for every thirty (30) days thereafter after the Warrant Shares are not delivered. The Company acknowledges that its failure to deliver the Warrant Shares by the Delivery Date will cause [Iroquois] to suffer damages in an amount that will be difficult to ascertain. Accordingly, the parties hereto agree that it is appropriate to include in this Warrant this provision for liquidated damages. The parties hereto acknowledge and agree that the liquidated damages provision set forth in this section represent the parties' good faith efforts to quantify such damages and therefore agree that the form and amount of such liquidated damages are reasonable and will not constitute a penalty.

(Id. § 1(c) at 2.)

28. In addition, the Warrant provided that “the payment of liquidated damages shall not relieve the Company from its obligations to deliver Common Stock pursuant to the terms of this Warrant.” (Id.)

29. The Warrant also contained the arbitration provision referenced in Paragraph 19 *supra*, and a Delaware choice of law provision. (Id. § 14 at 10.)

MassRoots Breaches its Obligations to Reserve and Deliver the Warrant Shares

30. On or about February 2, 2021, Iroquois informed Deitrich and the Company of its intent to exercise the Warrant and purchase a portion of the Warrant Shares to which it was entitled.

31. Dietrich, however, informed Iroquois that MassRoots was utterly incapable of delivering the Warrant Shares, or any portion thereof, because it had failed to reserve the requisite number (or anything approaching the requisite number) of authorized common shares in violation of its obligations under Section 6 of the Warrant.

32. Instead, MassRoots issued the Warrant Shares to other investors (who subsequently invested in the Company), such that when Iroquois informed MassRoots of its intention to exercise its rights under the Warrant, Dietrich informed Iroquois that it could not deliver any of the Warrant Shares.

33. To date, MassRoots has failed to rectify its inability to deliver a single Warrant Share to Iroquois. Upon information and belief, the Company has taken no reasonable steps to increase the number of authorized shares in order to satisfy its obligations under the Warrant.

The Company Announces the Acquisition

34. In May of 2021, months after revealing its inability to deliver the Warrant Shares to Iroquois and, upon information and belief, failing to take any steps to remediate its failure, the Company announced it had signed a letter of intent (the “LOI”) to acquire Empire – a metal recycling company with no nexus to the cannabis industry.

35. MassRoots announced it would acquire Empire in a “primarily stock-based transaction”, and stated that the stock provided to Empire would be worth “approximately \$14 million.”

36. In a Form 8-K filed on June 10, 2021, the Company announced that Meeks had been “elected [] as a member of the Board” and appointed as Chairman “effective immediately.”

37. The 8-K announced that Meeks would also serve as the Company’s President and receive a salary of \$250,000 per year.

38. And while the 8-K referred to the LOI as nonbinding, it stated that it had already “acted pursuant to the Letter of Intent in order to proceed with the [A]cquisition.”

39. Upon information and belief, since the filing of the 8-K on June 7, 2021, the Company has continued to act pursuant to the LOI and intends to close its Acquisition of Empire in the coming weeks – all while continuing its ongoing refusal to honor the Warrant, or comply with its obligations thereunder.

The Individual Respondents Flout the Warrant in Bad Faith

40. Following the Company's announcement of the Acquisition, the Individual Respondents proceeded to taunt Iroquois with threats of never complying with the terms of the Warrant, in a bad faith attempt to coerce Iroquois into surrendering the Warrant for a fraction of its value.

41. Meeks – now serving in his dual role as President of Empire (the target company) and Chairman/President of MassRoots (the acquiring company) – (i) said that he would personally receive all 495 million shares of common stock issued by the Company in connection with the Acquisition, (ii) told Iroquois the Company would **never** issue the Warrant Shares, thereby rendering the Warrant worthless, and (iii) boasted that he had retired \$2.8 billion worth of the Company's warrants for virtually nothing.

42. In the wake of Meeks' threats to unilaterally and improperly void the Warrant, Dietrich proceeded to make low-ball offers to Iroquois, while simultaneously refusing to issue, deliver or reserve any of the Warrant Shares.

43. In essence, the Individual Respondents conspired to make Iroquois a series of unconscionable offers that (according to Meeks) they had no choice but to accept, because (under his leadership) the Company would never comply with the Warrant.

44. Upon information and belief, this was the culmination of the Individual Respondents' premeditated scheme to interfere with (and essentially void) the Warrant.

45. Meeks – who sat on both sides of the Acquisition – intentionally interfered with the Company's performance of the Warrant, in order to ensure that the Company would never issue the Warrant Shares to Iroquois, and would instead issue 495 million in new stock to him as part of the Acquisition.

46. In the process, the Individual Respondents converted 156,250,079 shares of the Company's common stock – which MassRoots had a contractual obligation to reserve and deliver to Iroquois – for their own personal benefits.

47. As a result, Iroquois has been deprived of the more than \$12 million in Company shares to which it is entitled under the Warrant.

CLAIM I

(Breach of the Warrant – Against MassRoots)

48. Iroquois incorporates all prior allegations set forth in this Demand as if fully set-forth herein.

49. On July 21, 2017, MassRoots issued the Warrant.

50. In 2019, Iroquois properly purchased the Warrant for good and valuable consideration from an unrelated third-party, and the Company subsequently reissued the Warrant (with its original issuance date) to properly identify Iroquois as the current Holder.

51. Iroquois has complied with all of its obligations under the Warrant.

52. Pursuant to Section 6, MassRoots was obligated to reserve 156,250,079 shares of the Company's common stock for no less than five years following the execution of the Warrant, so that it would be prepared to deliver the Warrant Shares upon the exercise of the Warrant.

53. MassRoots failed to reserve the Warrant Shares, and failed to take any reasonable steps in order to remedy its failure.

54. As a result, when Iroquois informed MassRoots of its intention to exercise its rights under the Warrant in February of 2021, MassRoots repudiated its obligation to deliver the Warrant Shares and further breached the Warrant.

55. As a direct result of MassRoots' breaches and repudiation of the Warrant, including but not limited to its failure to reserve and inability to deliver the Warrant Shares, Iroquois has suffered damages in an amount to be determined at the hearing, but not less than \$12 million.

56. In addition, Iroquois is entitled to specific performance of the Warrant, and MassRoots' breaches of the Warrant have triggered the liquidated damages provision of Section 3(c) – further entitling Iroquois to additional monetary damages.

CLAIM II

(Conversion of the Warrant Shares – Against Empire and Meeks)

57. Iroquois incorporates all prior allegations set forth in this Demand as if fully set-forth herein.

58. Pursuant to the Warrant, and by virtue of its attempt to exercise its right to purchase the Warrant Shares, Iroquois has a valid property interest in 156,250,079 shares of the Company's common stock.

59. MassRoots had an obligation to reserve the Warrant Shares such that it would be able to deliver them to Iroquois within five days of Iroquois' exercise of its rights to purchase Warrant Shares.

60. However, MassRoots failed to do so, and has instead repudiated its obligation to deliver the Warrant Shares to Iroquois.

61. As a result, Iroquois has a right to possession of the Warrant Shares.

62. However, Meeks has wrongfully dispossessed Iroquois of the Warrant Shares by causing the Company to proceed with the Acquisition, and transferring 495 million shares of Company common stock – 156,250,079 shares which belong to Iroquois – to Empire and, by extension, Meeks.

63. As the result of Empire and Meeks' unlawful and bad faith conversion of the Warrant Shares, Iroquois has suffered damages in an amount to be determined at the hearing, but not less than \$12 million.

CLAIM III

(Unjust Enrichment – Against the Individual Respondents)

64. Iroquois incorporates all prior allegations set forth in this Demand as if fully set-forth herein.

65. Pursuant to the LOI and associated closing documents, MassRoots (under the exclusive control of the Individual Respondents) has transferred or will transfer 495 million shares of the Company's common stock to Meeks as part of the Acquisition.

66. The Individual Respondents are doing so despite, and with full knowledge of, the Company's obligations to Iroquois under the Warrant.

67. Nevertheless, they are causing the Company to repudiate the Warrant in order to exploit the Warrant Shares for their own personal benefit.

68. Meeks will unjustly benefit from the transfer by receiving \$14 million of Company stock, the transfer of which is facilitated by the Company's breach of the Warrant.

69. Upon information and belief, Dietrich will unjustly benefit from not issuing the Warrant Shares because his own personal interest in the Company will not be diluted.

70. The Individual Respondents have no justification for their enrichment at Iroquois' expense.

71. Iroquois has no adequate remedy at law for the Individual Respondents' unjust enrichment, which has damaged Iroquois in an amount to be determined at the hearing, but not less than \$12 million.

CLAIM IV

(Tortious Interference with Contract – Against Meeks)

72. Iroquois incorporates all prior allegations set forth in this Demand as if fully set-forth herein.

73. The Warrant is a valid contract between Iroquois and MassRoots.

74. Upon information and belief, Meeks learned of the Company's obligations to Iroquois under the Warrant at the time of, or prior to, his appointment as Chairman and President of MassRoots.

75. Upon further information and belief, Meeks – in his capacity as the sole owner of Empire and the ultimate beneficiary of the proposed Acquisition – tortiously and wrongfully interfered with the Company's performance of its obligations under the Warrant, by exploiting his authority as President and Chairman of the Company to repudiate the Warrant.

76. Meeks did so without justification, and for the sole purpose of enriching himself as the sole shareholder of Empire, the target of the Acquisition.

77. Meeks' intentional interference with the Company's obligations under the Warrant caused Iroquois to suffer damages in an amount to be determined at the hearing, but not less than \$12 million.

CLAIM V

(Constructive Trust – Against Respondents)

78. Iroquois incorporates all prior allegations set forth in this Demand as if fully set-forth herein.

79. Respondents have engaged in unjust and unconscionable conduct by conspiring to, *inter alia*, (i) flagrantly violate and repudiate the Company's obligations under the Warrant to reserve and deliver the Warrant Shares to Iroquois, (ii) transfer 495 million of the Company's shares to Meeks and Empire, and (iii) attempting to coerce Iroquois into surrendering its rights under the Warrant.

80. Iroquois has been impoverished by Respondents' conduct by, *inter alia*, being deprived of the 156,250,079 shares it is owed under the Warrant.

81. Iroquois' impoverishment has occurred as the direct result of Respondents' attempts to enrich themselves at Iroquois' expense.

82. Respondents have no justification for the conduct set forth herein.

83. Iroquois lacks any adequate remedy at law, and is thus entitled to the imposition of a constructive trust upon Respondents, whereby 156,250,079 shares of the Company's common stock are held by them in trust for Iroquois.

WHEREFORE, Claimant prays for an award against Respondents as follows:

- a) On Claim I, (i) entry of an award against MassRoots in an amount to be determined at the hearing, but not less than \$12 million, (ii) liquidated damages owed pursuant to the Warrant, (iii) and an order of specific performance against MassRoots compelling it to deliver the Warrant Shares to Iroquois;
- b) On Claim II, entry of an award against Empire and Meeks in an amount to be determined at the hearing, but not less than \$12 million;

- c) On Claim III, entry of an award against the Individual Respondents in an amount to be determined at the hearing, but not less than \$12 million;
- d) On Claim IV, entry of an award against Meeks in an amount to be determined at the hearing, but not less than \$12 million;
- e) On Claim V, entry of an award of a constructive trust imposed against Respondents;
- f) Claimant's costs and expenses, including its reasonable attorneys' fees, incurred in prosecuting this arbitration; and
- g) For such other relief as the Arbitrator may deem just and proper.

DATED: June 28, 2021

FEUERSTEIN KULICK LLP

By: /s/ David Feuerstein
David Feuerstein
Richard W. Trotter
Attorneys for Claimant, Iroquois Master Fund
Ltd.

EXHIBIT A

WARRANT

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

MassRoots, Inc.

WARRANT NO. JULY 2017 1-__

Dated: July 21, 2017

MassRoots, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), hereby certifies that, for value received from Iroquois Master Fund Ltd. (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company up to a total of 156,250,079 shares of the common stock, \$0.001 par value per share (the "Common Stock"), of the Company (the "Warrant Shares"), at an exercise price equal to \$0.0004 per share (the "Exercise Price"). This Warrant may be exercised any time after issuance through and including the fifth (5th) anniversary of its original issuance as noted above (the "Expiration Date"), subject to the following terms and conditions:

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

2. Registration of Transfers and Exchanges.

(a) The Company or the transfer agent shall enter or record the transfer of all or any portion of this Warrant in the Warrant Register, upon surrender of this Warrant to the Company at the office specified herein or pursuant to Section 11 hereof. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant hereinafter referred to as a "New

Warrant”), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance of such transferee of all of the rights and obligations of a holder of a Warrant.

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

1. Duration and Exercise of Warrants.

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

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

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

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

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

6. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued

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

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

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

(b) In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another entity, the sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or

share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property equal to the amount of Warrant Shares such Holder would have been entitled to had such Holder exercised this Warrant immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this Section 8(b) upon any exercise following any such reclassification, consolidation, merger, sale, transfer or share exchange.

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

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

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

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

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

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

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

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

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

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

(f) Subsequent Equity Sales. In the event that: (i) a Registration Statement on Form S-1 covering the shares underlying this Warrant (the “Applicable S-1”) is not been declared effective by the SEC (the “S-1 Requirement”); and (ii) subsequent to effectiveness of the Applicable S-1, the market for Company's common stock does not maintain a volume weighted average price of at least seventy-five (\$0.75) per share for five consecutive trading days (“VWAP Requirement”, with the S-1 Requirement, the “Subsequent Equity Sales Requirements”), then, if the Company shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents, at an effective price per share less than the Exercise Price then in effect (such lower price, the “Base Share Price” and such issuances collectively, a “Dilutive Issuance”) (it being understood and agreed that if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights 7 per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on

such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation of each Dilutive Issuance the Exercise Price shall be reduced and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this provision in respect of an Exempt Issuance, which is defined as the exercise of any outstanding options into shares of common stock under the Company's Employee Stock Option Programs, stock grants under the Company's Employee Stock Option Programs, and the issuance of common stock for the exercise of the Company's current outstanding warrants. The Company shall notify the Holder, in writing, no later than the Trading Day following the issuance or deemed issuance of any Common Stock or Common Stock Equivalents subject to this provision, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this provision, upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise. For purposes of further clarification, the Holder shall not be entitled to any adjustments pursuant to this Section 8(f) upon the Company attaining the Subsequent Equity Sales Requirements.

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

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

(b) Cashless Exercise. This Warrant may be exercised by means of a cashless exercise under Rule 144 until such time that a Registration Statement covering the shares underlying the warrant is declared effective. In such event, the Holder shall surrender this Warrant to the Company, together with a notice of cashless exercise, and the Company shall issue to the Holder the number of Warrant Shares determined as follows:

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

where:

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

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

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

B = the Exercise Price.

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

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

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

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

If to the Company:
MassRoots, Inc.
7083 HOLLYWOOD BLVD, OFFICE 4084
LOS ANGELES CA 90028

If to the Holder:

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

6. Miscellaneous.

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

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

(c) This Warrant shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts without regard to the principles of conflicts of law thereof.

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

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

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

review this Warrant, advise the Company with respect to this Warrant, and represent the Company in connection with its issuance of this Warrant.

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

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

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

(j) Notwithstanding anything in this Warrant to the contrary, the parties hereto hereby acknowledge and agree to the following: (i) the Holder makes no representations or covenants that it will not engage in trading in the securities of the Company; (ii) the Company shall, by 8:30 a.m. Boston Time on the trading day following the date hereof, file a current report on Form 8-K disclosing the material terms of the transactions contemplated hereby and in the other Transaction Documents; (iii) the Company has not and shall not provide material non-public information to the Holder unless prior thereto the Holder Party shall have executed a written agreement regarding the confidentiality and use of such information; and (iv) the Company understands and confirms that the Holder will be relying on the acknowledgements set forth in clauses (i) through (iii) above if the Holder effects any transactions in the securities of the Company.

14. Disputes Under This Agreement.

All disputes arising under this Warrant shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflict of laws. The parties hereto will submit all disputes arising under this Agreement to arbitration in Denver, Colorado before a single arbitrator of the American Arbitration Association (the “AAA”). The arbitrator shall be selected by application of the rules of the AAA, or by mutual agreement of the parties, except that such arbitrator shall be an attorney admitted to practice law in the State of Colorado. No party hereto will challenge the jurisdiction or venue provisions provided in this Section 14. Nothing in this Section 14 shall limit the Holder's right to obtain an injunction for a breach of this Agreement from a court of law. Any injunction obtained shall remain in full force and effect until the arbitrator, as set forth in this Section 14 fully adjudicates the dispute.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[Signature on Following Page]

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

MASSROOTS, INC.

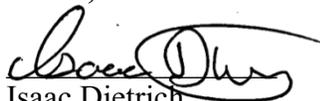
By: 
Name: Isaac Dietrich
Title: CEO

EXHIBIT A

FORM OF ELECTION TO PURCHASE

MassRoots, Inc.

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

Gentlemen:

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

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

(Please insert SS# or FEIN #)

(Please print name and address)

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

(Please print name and address)

Dated: _____, _____

Name of Holder:

Signed: _____

Print Name: _____

Title: _____

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