

MCIG, INC.

FORM 8-K/A (Amended Current report filing)

Filed 05/30/14 for the Period Ending 01/23/14

Address	4720 SALISBURY ROAD, STE 100 JACKSONVILLE, FL, 32256
Telephone	570-778-6459
CIK	0001525852
Symbol	MCIG
SIC Code	2111 - Cigarettes
Industry	Tobacco
Sector	Consumer Non-Cyclicals
Fiscal Year	04/30

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

FORM 8-K/A
Amendment # 1

CURRENT REPORT

Pursuant to Section 13 OR 15(d) off The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 23, 2014**

mCig, Inc.

(Exact name of registrant as specified in charter)

Nevada

(State or other jurisdiction of
incorporation)

333-175941

(Commission File Number)

27-4439285

(IRS Employer Identification
No.)

5806 119th Ave. SE, Bellevue, WA
(Address of principal executive offices)

98006
(Zip Code)

425-998-9160

Registrant's telephone number

800 Bellevue Way NE, Suite 400, Bellevue, WA 98004
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

Explanatory Note

We are filing this Amendment #1 on Form 8-K, originally filed with the Securities and Exchange Commission on March 21, 2014 (the "Original Form 8-K") to amend the text of Items 1.01 and 2.01.

Item 1.01 Entry into a Material Definitive Agreement.

On January 23, 2014, mCig, Inc. ("mCig") and Vapolution, Inc. ("Vapolution") entered into a Stock Purchase Agreement (the "Agreement") whereby mCig, Inc. would issue 5,000,000 shares representing one percent (1%) of mCig's fully diluted capital structure to shareholders of Vapolution, Inc.

On January 23, 2014, Paul Rosenberg, CEO of mCig, Inc. cancelled an equal amount (2,500,000 shares) of common shares owned by him resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders. The remaining 2,500,000 of common shares owned by Paul Rosenberg will be cancelled on the one year anniversary of the agreement on January 23, 2015, to offset the 2,500,000 new shares to be issued from the treasury for the completion of the acquisition of Vapolution.

On May 23, 2014, the parties to the agreement agreed to amend the original Stock Purchase Agreement. The foregoing description of the Amended Stock Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended Stock Purchase Agreement, a copy of which is attached hereto as Exhibit 2.1 and is incorporated herein by reference.

We plan on releasing the two-year audited comparative financial statements for Vapolution, Inc. as part of our audited Form 10-K, which will be filed by July 29, 2014.

Following consultation with our legal and auditing advisors in preparation for the filing of our audited Form 10-K, the company and Vapolution, Inc. decided to amend their original Stock Purchase Agreement. Per the amended Stock Purchase Agreement executed as of May 23, 2014, a clarification was made to the agreement that more appropriately expresses the spirit of the transaction as agreed upon by management of mCig and the previous owners of Vapolution, Inc.

The following is a summary of the changes to the agreement:

1. In the amended agreement, former Vapolution, Inc. shareholders have autonomous control over the day-to-day operations of the Company while the Board of Directors of mCig, Inc. will have ultimate control over the business decisions within Vapolution, Inc. This differs from the original agreement whereby Vapolution, Inc. former shareholders had the ability to veto any decision made by mCig, Inc.
2. The Amended Agreement states that as part of the acquisition, all tangible and intangible assets of Vapolution, Inc. are included as part of the acquisition. This differs from the original agreement whereby the assets of Vapolution, Inc. were not acquired by mCig, Inc.
3. In the amended agreement, former Vapolution, Inc. shareholders have just one (1) year to rescind the agreement and return to full ownership of the Company as opposed to five (5) in the original agreement.

Risk Factors

While the amended Vapolution, Inc. acquisition agreement provides mCig, Inc. with more control of the company and its assets, several risk factors must still be considered:

- mCig, Inc. runs the risk that previous management in charge of the day-to-day operations at Vapolution, make decisions that are not aligned with the vision of mCig's Board of Directors.
- There is no guarantee that previous owners of Vapolution, Inc. will make decisions that are in the best interest of Vapolution, Inc. as an mCig, Inc. subsidiary.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On January 24, 2014, mCig, Inc. ("mCig") issued a press release (the "Press Release") announcing the acquisition of Vapolution, Inc., a leading herbal vaporizer company, on January 23, 2014.

The full text of the Press Release is attached to this Form 8-K as Exhibit 99.1 respectively, is incorporated by reference into this Item 2.01 in its entirety.

We have consulted with our legal counsel and auditors and acknowledge that an audit of Vapolution Inc. will be necessary and will be included in the amended 8-K. We have retained De Joya Griffith, LLC to perform the audit and they require 90 days to complete the audit procedure. The deadline for filing the April 30, 2014 Form 10-K with the Securities Exchange Commission is July 29, 2014. At such time, we will file an amended 8-K and include the audited financial statements for Vapolution, Inc.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
2.1	The Amended Stock Purchase Agreement, dated May 23, 2014, by and between mCig, Inc. and Vapolution, Inc.
99.1	Press Release, dated January 24, 2014.

SIGNATURES

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

mCig, Inc.

Date: May 29, 2014

By: /s/ Paul Rosenberg
Paul Rosenberg
Chief Executive Officer

AMENDED STOCK PURCHASE AGREEMENT



mCig, Inc.



Vapolution, Inc.

THIS AMENDED STOCK PURCHASE AGREEMENT (this "**Agreement**") is made and entered into effective as of May 23, 2014 (the "**Effective Date**"), by and between Patrick J. Lucey and Katherine J. Nichols ("**LUCEY**"), Chad A. Shaffer and Sara F. Shaffer ("**SHAFFER**") the "**Sellers**", and mCig, Inc. a Nevada Corporation ("**Purchaser**"), with reference to the following facts:

RECITALS

- A. Vapolution, Inc. and mCig, Inc. entered into a Stock Purchase Agreement on January 23, 2014;
- B. Vapolution, Inc. and mCig, Inc. desire to amend certain terms of the Agreement, effective May 23, 2014.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereby entered into this Amended Stock Purchase Agreement, effective May 23, 2014.

AMENDED AGREEMENT

- A. Vapolution, Inc., a California corporation (the "**Company**") produces and distributes herbal vaporizers and is located at 1692 Mangrove Ave. Chico, CA 95926
- B. The Company has one hundred thousand (100,000) shares of Common Stock duly authorized, of which ten thousand (10,000) shares are issued and outstanding.
- D. LUCEY owns five thousand (5,000) shares of Common Stock, and SHAFFER owns five thousand (5,000) of all of the issued and outstanding shares of Common Stock of the Company.
- E. LUCEY desires to sell to Purchaser and Purchaser desires to purchase, a total of five thousand (5,000) of the currently issued and outstanding shares of Common Stock for the purchase price of Five Hundred Thousand Dollars and no cents (\$500,000) paid as stated in paragraph 1.1 (a).
- E. SHAFFER desires to sell to Purchaser and Purchaser desires to purchase, a total of five thousand (5,000) of the currently issued and outstanding shares of Common Stock for the purchase price of Five Hundred Thousand Dollars and no cents (\$500,000) paid as stated in paragraph 1.1 (a).
- F. Subsequent to the transaction contemplated herein, the parties LUCEY and SHAFFER shall own zero percent (0%) of the shares of Common Stock currently issued and outstanding.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I PURCHASE AND SALE OF SHARES

1.1 Purchase of Shares. Subject to the terms and conditions set forth herein LUCEY, and SHAFFER shall sell to Purchaser and Purchaser shall purchase from LUCEY and SHAFFER all of their shares (10,000) of Common Stock.

a. **Consideration.** The purchase price for the Shares purchased from LUCEY shall be paid in the form of newly issued shares of the purchaser, mCig, Inc. a company which is publically traded under the ticker symbol, MCIG. The number of shares transferred to LUCEY shall be two million five hundred thousand (2,500,000) equating to a monetary value of \$500,000* as of January 23, 2014. These mCig, Inc. shares shall be issued and transferred to LUCEY as follows:

- 1,250,000 Newly Issued shares of MCIG (mCig, Inc.) within 30 days of the execution of this agreement.
- 1,250,000 Newly Issued shares of MCIG (mCig, Inc.) on the one (1) year anniversary of the execution of this agreement.

*The acquisition price shall be settled in shares and not dollars. Dollar figures are computed based on the most recently closing price of MCIG but do not constitute a binding component of the offer. The sellers have agreed to accept a specific amount of MCIG shares with the value ascribed being non-binding.

As part of this agreement, mCig, Inc. CEO Paul Rosenberg has agreed to cancel an equal amount of common shares (2,500,000) with each issuance of new shares resulting in zero net dilution to existing mCig, Inc. stockholders.

The purchase price for the Shares purchased from SHAFFER shall be paid in the form of newly issued shares of the purchaser, mCig, Inc. a company which is publically traded under the ticker symbol, MCIG. The number of shares transferred to SHAFFER shall be two million five hundred thousand (2,500,000) equating to a monetary value of \$500,000* as of January 23, 2014. These mCig, Inc. shares shall be issued and transferred to SHAFFER as follows:

- 1,250,000 Newly Issued shares of MCIG (mCig, Inc.) within 30 days of the execution of this agreement.
- 1,250,000 Newly Issued shares of MCIG (mCig, Inc.) on the one (1) year anniversary of the execution of this agreement.

*The acquisition price shall be settled in shares and not dollars. Dollar figures are computed based on the most recently closing price of MCIG but do not constitute a binding component of the offer. The sellers have agreed to accept a specific amount of MCIG shares with the value ascribed being non-binding.

As part of this agreement, mCig, Inc. CEO Paul Rosenberg has agreed to cancel an equal amount of common shares (2,500,000) with each issuance of new shares resulting in zero net dilution to existing mCig, Inc. stockholders

b. **Earn-outs.** Each of LUCEY and SHAFFER shall be entitled to an earn-out of the first one hundred and ten thousand dollars (\$110,000) of EBITDA per year (Earnings Before Interest, Tax, Depreciation and Amortization) from Vapolution, Inc. sales to be split equally amongst LUCEY and SHAFFER (50% each) for a period of ten (10) years following the execution of this agreement ("earn-out period").

c. **Legacy Management and Control.** Each of LUCEY and SHAFFER shall continue to make all business decisions within Vapolution, Inc. for a period of ten (years) following the execution of this agreement. Each of LUCEY and SHAFFER may resign from their positions at Vapolution, Inc. at any-time prior to the expiration of the Legacy control if they so desire. Vapolution, Inc. will be run autonomously from mCig, Inc.

d. **Separation Formula.** At any point during the one (1) year period following the execution of this agreement, LUCEY and SHAFFER may rescind this agreement and return to full ownership in Vapolution, Inc. by returning the purchase price (2,500,000 shares before year 1 and 5,000,000 shares after year 1) to the company and sending a formal separation letter. Vapolution, Inc. may return shares or the cash equivalent of the shares on the date of rescindment. Any EBITDA above the earn-out threshold earned by mCig, Inc. during the period of ownership shall not be returned.

e. **No Other Consideration.** Purchaser warrants that there have been no promises of additional consideration made to any of the shareholders and that it will not provide any additional consideration for this transaction.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Purchasers. Purchaser hereby represents and warrants to Seller that:

a. Due Authorization, Execution and Delivery; Effect of Agreement. The execution, delivery and performance by the Purchaser of this Agreement and the other documents referenced herein and the consummation by the Purchaser of the transactions contemplated hereby has been duly authorized by all necessary action on the part of each Purchaser. This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

b. Purchase for Own Account for Investment. The Purchaser is purchasing the Shares for its own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act of 1933, as amended (the "1933 Act"). The Purchaser has no present intention of selling or otherwise disposing of all or any portion of the Shares and no one other than Purchasers has any beneficial ownership of any of the Shares being purchased hereunder.

c. Access to Information. The Purchaser has had access to all information regarding Company and its present and prospective business, assets, liabilities and financial condition that the Purchaser reasonably considers important in making the decision to purchase the Shares, and the Purchaser has had ample opportunity to ask questions of Company's representatives concerning such matters and this investment.

d. Understanding of Risk. The Purchaser has experience in and is familiar with the Business and is fully aware of: (i) the highly speculative nature of the investment in the Shares; (ii) the financial hazards involved; (iii) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that Purchasers may not be able to sell or dispose of the Shares or use them as collateral for loans); and (iv) the qualifications and backgrounds of the management of Company.

e. Purchaser's Qualifications. The Purchaser has preexisting business experience concerning the type of business being purchased and Purchasers' officers and/or directors have background and experience of a nature and duration sufficient so that the Purchaser has the background and experience to make business judgments concerning the character, business acumen and general business and financial circumstances of Company and/or such officers and directors. By reason of Purchaser's business or financial experience, the Purchaser is capable of evaluating the merits and risks of this investment and has the ability to protect Purchaser's own interests in this transaction.

f. No General Solicitation. At no time was the Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

g. Restrictions on Transfer. The Purchaser understands that such Purchaser may not transfer any Shares unless such Shares are registered under the 1933 Act or qualified under the Law or unless, in the opinion of counsel to Company, selected by Company, exemptions from such registration and qualification requirements are available.

2.2 Representations and Warranties of Sellers. Sellers hereby represent and warrant to the Purchasers that:

a. Due Authorization, Execution and Delivery; Effect of Agreement. The execution, delivery and performance by Sellers of this Agreement and the other documents referenced herein and the consummation by Sellers of the transactions contemplated hereby has been duly authorized by all necessary action on the part of Sellers. This Agreement has been duly and validly executed and delivered by Sellers and constitutes the legal, valid and binding obligation of Sellers, enforceable against Sellers in accordance with its terms. The execution, delivery and performance of this Agreement and the consummation by Sellers of the transactions contemplated hereby do not violate or conflict with any applicable law or any agreement, order, judgment or decree to which Sellers are a party or by which Sellers or any of his assets are bound.

b. Ownership of Shares. Sellers are the lawful beneficial owners of the Shares, free and clear of any security interest, claim, lien, pledge, option, encumbrance or restriction on transferability (except as may be provided under applicable securities law, rules or regulations or otherwise) whatsoever, and the delivery of said Shares, when delivered to Purchaser by Sellers, will transfer to Purchaser lawful, valid and indefeasible title thereto, free and clear of any and all security interests, claims, liens, pledges, options, encumbrances or restrictions whatsoever.

c. **Authority.** Sellers have the requisite capacity, power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. This Agreement constitutes the valid and legally binding obligations of Sellers, enforceable in accordance with its terms and conditions, except as may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting enforcement of creditors' rights generally; and (ii) by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

d. **Compliance with Laws and Permits.** Sellers, in the conduct of the Business and in the ownership of the Assets, have not violated and are not in violation of, nor has it made any improper payments or incurred any liability in respect of, any material provision of state or local laws, codes, regulations or ordinances, including, without limitation, relating to environmental protection, health, hazardous or toxic substances, building use and occupancy, fire or safety hazards, occupational safety, labor or employee benefit or employment discrimination laws, nor have Sellers, as the case may be, received any notices of investigation or violation pertaining to any such matters. Sellers have all material licenses and permits required by governmental authorities related to the operation of the Business as currently being conducted.

e. **Taxes.** All Tax (as defined herein) obligations of Sellers with respect to its operation of the Business's business have been timely paid and, and Sellers have no liability for any Tax obligations with respect to its operation of the Business's business and no interest or penalties have accrued or are accruing with respect thereto, whether state, county, local or otherwise with respect to any periods prior to the Effective Date. As used herein the term "Tax" means all taxes, charges, fees, levies or other assessments, including, without limitation, income, excise, gross receipts, personal property, real property, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, severance, stamp, occupation, windfall profits, social security and unemployment or other taxes imposed by the United States or any agency or instrumentality thereof, any state, county, local or foreign government, or any agency or instrumentality thereof, and any interest or fines, and any and all penalties or additions relating to such taxes, charges, fees, levies or other assessments.

f. **Claims and Legal Proceedings.** There is no claim, products liability action, litigation, proceeding or governmental investigation pending or, to the best of Seller's knowledge, threatened, or any order, injunction or decree outstanding, against Sellers. To the best of Seller's knowledge, there is no reasonable basis for future claims, litigations, proceedings or investigations against Sellers which, if adversely determined, might have a material adverse effect on any of the Assets, the Company business as currently being conducted, or the rights, duties or obligations of the parties set forth in this Agreement

ARTICLE III

MISCELLANEOUS PROVISIONS

3.1 **Necessary Acts and Further Documents.** Each of the parties to this Agreement shall perform any and all acts and shall execute any and all documents that may be reasonably necessary to carry out the provisions and the intent of this Agreement.

3.2 **Binding on Successors and Assigns.** This Agreement shall be binding upon the parties hereto and their executors, administrators, successors and assigns.

3.3 **Amendments.** This Agreement may be amended only by a written instrument executed by the parties hereto.

3.4 **Notices.** Any and all notices, demands, requests or other communications required or permitted by this Agreement or by law to be served on, given to or delivered to any party hereto by any other party to this Agreement shall be in writing and shall be deemed duly served, given or delivered upon delivery by facsimile transmission (and duplicated by any of the alternative notice methods that follow), by hand delivery, by nationally recognized overnight express courier (fees prepaid), or by certified or registered mail (return receipt requested and first-class postage prepaid) and addressed as follows:

If to Seller:

If to Purchaser:

Patrick J. Lucey and Katherine J. Nichols
1692 Mangrove Ave.
Chico, CA
95926

Chad A. Shaffer and Sara Shaffer
1692 Mangrove Ave.
Chico, CA
95926

Paul Rosenberg
mCig, Inc.
800 Bellevue Way NE, Suite 400
Bellevue, WA
98004

Any notice which is addressed and transmitted in the manner herein provided shall be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient (a) three (3) days after the day it is so placed in the mail, (b) one (1) business day after deposit with overnight courier, (c) upon delivery when given by hand delivery, or (d) upon receipt of delivery confirmation after transmission by facsimile (if confirmed by any of the methods above). Any party may change their address for the purposes of this Agreement by giving notice of the change, in the manner required by this Paragraph, to the other party.

3.5 Governing Law; Jurisdiction; Venue. This Agreement shall be construed and governed by the laws of the State of California.

3.6 Expenses. Purchaser and Sellers shall pay their own expenses, including, without limitation, accounting fees and expenses, incident to the preparation and carrying out of this Agreement and the consummation of the transactions contemplated hereby.

3.7 Interpretation. All pronouns shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context in which they are used may require. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the interpretation of any provision of this Agreement. In the event any claim is made by any party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of Purchaser or his counsel.

3.8 Sole and Only Agreement. The Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between them regarding the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, that are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding on either party. Any failure by the parties hereto to insist on strict compliance with any of the terms and conditions of this Agreement shall not be deemed a waiver of any such terms or conditions.

3.9 Survival. All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue until any and all obligations have been fully paid, performed and discharged in full.

3.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which will constitute a fully-executed Agreement. Transmittal and receipt of a facsimile copy of this Agreement with the facsimile signature(s) shall be binding on the parties hereto, with the original executed Agreement to be delivered subsequently via overnight mail. The failure to deliver the original signature copy and/or the non-receipt of the original signature copy shall have no effect upon the binding and enforceable nature of this Agreement.

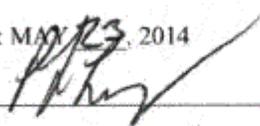
3.11 Indemnification by Sellers. Sellers shall indemnify, defend, and hold harmless Buyer from and against all losses, claims, assessments, demands, damages, liabilities, obligations, costs, and expenses, including without limitation, reasonable attorney fees and costs (collectively, "Damages") sustained or incurred by Buyer (i) by reason of the breach of any of the obligations, covenants, or provisions of this Agreement by, or the inaccuracy of any of

the representations or warranties made by, Seller herein; (ii) arising out of or relating to any liabilities or obligations of Sellers; (iii) arising out of or relating to any local, state, or federal sales, use, or excise tax liabilities of Sellers; (iv) arising out of or relating to any third party claims or litigation relating to incidents occurring on or prior to the Effective Date in connection with the Business, except any Damages arising from or relating to the acts or omissions of Buyer.

3.12 Indemnification by Purchaser. Purchaser shall indemnify, defend, and hold harmless Seller, from and against all Damages sustained or incurred by Sellers (i) by reason of breach of any of the obligations, covenants or provisions of, or the inaccuracy of any of the representations or warranties made by Purchaser herein; (ii) arising out of or relating to any liabilities or obligations of Purchaser; (iii) arising out of or relating to any local, state, or federal sales, use, or excise tax liabilities of Purchaser; (iv) arising out of or relating to any third party claims or litigation arising out of incidents occurring from and after the Effective Date in connection with the Company, except any Damages arising from or relating to the acts or omissions of Sellers.

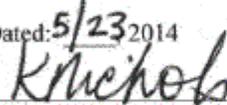
IN WITNESS WHEREOF, the parties have executed this STOCK PURCHASE AGREEMENT as of the Effective Date.

Dated: MAY 23, 2014



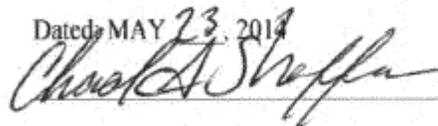
Patrick J. Lucey, Seller

Dated: 5/23 2014



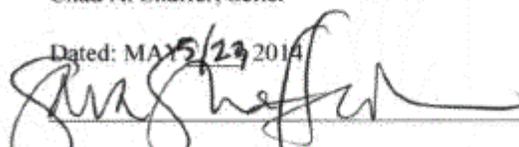
Katherine J. Nichols, Seller

Dated: MAY 23, 2014



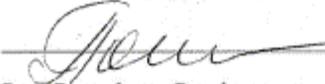
Chad A. Shaffer, Seller

Dated: MAY 23, 2014



Sara F. Schaffer, Seller

Dated: MAY 23, 2014



Paul Rosenberg, Purchaser

mCig, Inc. Acquires Vapolution, Inc., Entering Traditional Vaporizer Market

-- First Strategic Acquisition Marks Entry to New Market

-- Significant Corporate and Strategic Synergies

-- Non-Dilutive Transaction

BELLEVUE, Wash., Jan. 24, 2014 (GLOBE NEWSWIRE) -- mCig, Inc. ([MCIG](#)) is pleased to announce the acquisition of Vapolution, Inc. -- a leading herbal vaporizer company based in Northern California in a non-dilutive transaction that consolidates an industry leader with over \$1.3 million (unaudited aggregate revenue since 2010) in sales. This acquisition transforms mCig, Inc. into a formidable competitor in two high growth categories: Personal Vaporizers (mCig 2.0, Vapolution PocketVape) and traditional home-use Vaporizers (Vapolution 2.0).

"We are delighted to announce the acquisition of one of the most well respected brands in the marijuana community: Vapolution - a company that was started by two passionate friends: Patrick Lucey and Chad Shaffer 14 years ago in their garage and became one of the leading vaporization companies, selling in over 11 countries and 200 shops around the world. This acquisition sets the stage for significant synergies. Vapolution will benefit from our platform and technological expertise as well as our relationships in China which have allowed us to bring to market two generations of personal vaporizers in less than 4 months. mCig, Inc. will benefit from having two great minds like Patrick and Chad on our team to assist with the continual improvement of the mCig and additional consumer products. Our aim is to become number one or two players in each category where we operate and we will work hard to achieve this objective for our shareholders," said Paul Rosenberg, CEO of mCig, Inc.

Significant Corporate and Strategic Synergies

Vapolution, Inc. will continue to operate as a standalone entity with its sales and income figures consolidated into mCig, Inc. following the acquisition date. Both companies see significant corporate and strategic synergies as a result of this transaction including but not limited to: Shared R&D, Open and Collaborative Relationship, Consolidation of Administrative Overhead, and Consolidation and Centralization of Order Fulfillment Facilities.

Non-Dilutive Transaction

As part of this transaction mCig, Inc. will issue 5,000,000 shares representing 1% of our fully diluted capital structure to shareholders of Vapolution, Inc. The first tranche of 2,500,000 shares will be issued upon closing with the second tranche to be issued on the one year anniversary of the closing. Paul Rosenberg, CEO of mCig, Inc. will cancel an equal amount (5,000,000 shares) of common shares owned by him resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders.

Vapolution, Inc. Key Performance Indicators

Founded: 2000 in Chico, CA

Revenues: \$1.3 million (unaudited) FY2010-2013

Average Unit Selling Price: \$125 MSRP.

Products: Vapolution 2.0 Market Leading Vaporizer, Vapolution All-Glass "Pocket Vaporizer", Glass accessories.

Well known brand with over 20 distribution points, and sales in 11 countries. The only Vaporizer to be designed, engineered, and assembled in the USA.

Website: www.vapolution.com

"Making the decision to join mCig, Inc. was not an easy one. Chad and I spent over 14 years in this business and developed a company we are extremely proud of. What ultimately got us excited was Paul and Mark's vision and tenacity for approaching the industry. As our industry evolves from being fringe to completely legitimized, we realized that we needed to align ourselves with a solid team that would have access to capital, and ideas. We are very excited about the future of mCig and Vapolution. And

delivering our loyal customers more iterations of our products," said Patrick Lucey.

"I am very excited about teaming up with mCig, Inc. Vapolution has been focused on producing top quality vaporizers at affordable prices for over 14 years. In 2011 we introduced the Vapolution 2.0, a lighter, more efficient version of the original vaporizer. Since then it has been gaining popularity through word of mouth and social media networking. Uniting ourselves with mCig makes sense for they also focus on producing a top quality product with an affordable price. mCig vaporizers will be the perfect complement to Vapolution. Paul and Mark's drive to stay on top of the ever changing market and keeping up with newly passed laws and bills will be a huge asset as well as their knowledge of marketing and the industry as a whole," said Chad Shaffer.

"I am very proud to be part of a company that now encompasses two leading products: the mCig 2.0 and the Vapolution 2.0. People within the marijuana community know that prior to the last few years when our industry has taken center stage in the mainstream, the only way for a brand to thrive was through word of mouth and solid reviews. I bought my first Vapolution vaporizer 8 years ago, and can say that it is the best home vaporizer in the world. This view is shared by thousands of people around the world who have grown accustomed to the great tasting vapor from a device with an all glass vapor path," said Mark Linkhorst.

Vapolution 3.0

The newly combined teams have already started collaboration on the design of the Vapolution 3.0 with a conceptual release date of Q3-Q4 2014.

mCig Highest Sales Day Recorded

mCig, Inc. would also like to report that on January 23, 2014 the company achieved its highest recorded sales day. More sales information will be disclosed in the upcoming quarterly release. The company is seeing strong viral adoption of the mCig as reviews of the 2.0 begin to disseminate throughout the internet.

mCig 2.0 Video Ad

The company recently released a video advertisement for the mCig 2.0 which can be found here: <http://www.youtube.com/watch?v=SiKab5UooJw>

About mCig, Inc.

mCig, Inc. ([MCIG](#)) is a technology company focused on two long-term secular trends sweeping the globe: (1) The decriminalization and legalization of marijuana for medicinal or recreational purposes (2) The adoption of electronic vaporizing cigarettes (commonly known as "eCigs") by the world's 1.2 Billion smokers. The company manufactures and retails the mCig -- a purpose built loose leaf eCig retailing at only \$10. Designed in the USA -- the mCig provides a superior smoking experience by heating plant material, waxes, and oils delivering a smoother inhalation experience. The company also owns Vapolution, Inc. which manufactures and retails home-use vaporizers such as the Vapolution 2.0. See more at: <http://www.mcig.org/>

The company believes that a well regulated marijuana industry is emerging as more states follow the lead of Washington and Colorado in legalizing marijuana. A similar trend is developing within the eCig industry following the first acquisition of an electronic cigarette brand (Blucigs) by a traditional tobacco company Lorillard Inc. for \$135 million. Wells Fargo analyst Bonnie Herzog estimates that eCig sales may rise from \$1 Billion in 2013 to \$10 billion over the next three years.

mCig, Inc. ([MCIG](#)) has positioned itself as a first mover at the intersection of these two trends and hopes to create shareholder value by making the mCig one of the leading choices for electronic consumption of plant material. - See more at: <http://www.mcig.org/investors/investor-opportunity-subpage/>

Safe Harbor Statement

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein are based on current expectations, but are

subject to a number of risks and uncertainties. The factors that could cause actual future results to differ materially from current expectations include, but are not limited to, risks and uncertainties relating to the Company's ability to develop, market and sell products based on its technology; the expected benefits and efficacy of the Company's products and technology; the availability of substantial additional funding for the Company to continue its operations and to conduct research and development, and future product commercialization; and the Company's business, research, product development, regulatory approval, marketing and distribution plans and strategies.