As filed with the Securities and Exchange Commission on December 22, 2015.

Registration No. 333-208157

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

Amendment No. 3 to

FORM S-1

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Rennova Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware	7374	68-0370244
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

400 South Australian Avenue, Suite 800
West Palm Beach, Florida 33401
(561) 855-1626

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Seamus Lagan
Chief Executive Officer and President
Rennova Health, Inc.
400 South Australian Avenue, Suite 800
West Palm Beach, Florida 33401
(561) 855-1626

(Name, address. including zip code, and telephone number,
including area code, of agent for service)

With a copy to:

J. Thomas Cookson, Esq.
Akerman LLP
One Southeast Third Avenue, 25th Floor
Miami, FL 33131
Tel: (305) 374-5600

Oded Har-Even, Esq.
Robert V. Condon III, Esq.
Zysman, Aharoni, Gayer &
Sullivan & Worcester LLP
1633 Broadway
New York, NY 10019
Tel: 212.660.5000

Approximate date of commencement of proposed sale to public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

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

Large accelerated filer [_]	Accelerated filer [_]
Non-accelerated filer [_] (Do not check if a smaller reporting company)	Smaller reporting company [X]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee
Class A Units consisting of:		
(i) Common Stock, $0.01 par value[3]		
(ii) Warrants to purchase Common Stock[2]	—	—
Class B Units consisting of:		
(i) Series C Convertible Preferred Stock, $0.01 par value		
(ii) Warrants to purchase Common Stock[2]	—	—
Common Stock issuable upon conversion of Series C Convertible Preferred Stock[3]		
Common Stock issuable upon exercise of Warrants to purchase Common Stock[3]		
Total	$ 30,000,000	$ 3,022[4]

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act"). Includes shares to be sold upon exercise of the underwriters' option to purchase additional shares. See "Underwriting."

(2) No additional registration fee is payable pursuant to Rule 457(g) under the Securities Act.

(3) Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED DECEMBER 22, 2015

[●] Class A Units consisting of Common Stock and Warrants and [●] Class B Units consisting of Series C Convertible Preferred Stock and Warrants

RennovaHealth

Rennova Health, Inc. ("Rennova") is offering [●] Class A Units (consisting of one share of our common stock and a warrant to purchase one share of our common stock (the "Warrant"). The Warrants will have an exercise price of [●], will be exercisable upon issuance and will expire five years from the date of issuance. The shares of common stock and Warrants part of a Class A Unit are immediately separable and will be issued separately in this offering.

We are also offering to those purchasers, if any, whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering, the opportunity, in lieu of purchasing Class A Units, to purchase Class B Units. Each Class B Unit will consist of one share of our Series C Convertible Preferred Stock (the "Series C Preferred") with a stated value of $1,000 and convertible into [●] shares of our common stock, together with [●] Warrants. The Series C Preferred do not generally have any voting rights but are convertible into shares of common stock. The shares of Series C Preferred and Warrants part of a Class B Unit are immediately separable and will be issued separately in this offering.

We are issuing in this offering (i) an aggregate of [●] shares of our common stock and Warrants to purchase [●] shares of common stock as components of the Class A Units and (ii) an aggregate of [●] shares of our Series C Preferred and [●] Warrants as components of the Class B Units. The Series C Preferred included in the Class B Units will be convertible into an aggregate of [●] shares of common stock.

Our common stock is listed on The Nasdaq Capital Market under the symbol "RNVA." On December 21, 2015, the last reported sale price of our common stock on The Nasdaq Capital Market was $1.85 per share. There is no established public trading market for the warrants or Series C Preferred. We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 7 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Class A Unit	Per Class B Unit	Total
Public Offering Price	$	$	$
Underwriting discounts and commissions[(1)]	$	$	$
Offering proceeds to us, before expenses	$	$	$

(1) We have agreed to reimburse the underwriters for certain expenses and the underwriters will receive compensation in addition to the underwriting discounts and commissions. See "Underwriting" beginning on page 129 of this prospectus.

We have granted a 45-day option to the representative of the underwriters to purchase up to [●] of additional securities at the public offering price less underwriting discounts and commissions.

The underwriters expect to deliver the securities to purchasers in this offering on or about [●], 2015.

Aegis Capital Corp

The date of this prospectus is [●], 2015

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You should rely only on the information contained in this prospectus. Neither we nor any of the underwriters have authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we may have referred you in connection with this offering. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor any of the underwriters is making an offer to sell or seeking offers to buy these securities in any jurisdiction where, or to any person to whom, the offer or sale is not permitted. The information in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our securities, and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of that free writing prospectus. Our business, financial condition, results of operations and future growth prospects may have changed since those dates.

For investors outside the United States: We have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside the United States.

PROSPECTUS SUMMARY

This summary provides an overview of selected information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our securities. You should carefully read this prospectus and the registration statement of which this prospectus is a part in their entirety before investing in our securities, including the information discussed under "Risk Factors" and our financial statements and notes thereto that appear elsewhere in this prospectus or are incorporated by reference in this prospectus. Unless otherwise indicated herein, the terms "we," "our," "us," or the "Company" refer to Rennova Health, Inc.

Completed Merger

On November 2, 2015, pursuant to the terms of the Agreement and Plan of Merger, dated as of April 15, 2015, by and among CollabRx, Inc. ("CollabRx"), CollabRx Merger Sub, Inc. ("Merger Sub"), a direct wholly owned subsidiary of CollabRx formed for the purpose of the merger, and Medytox Solutions, Inc. ("Medytox"), Merger Sub merged with and into Medytox, with Medytox as the surviving company and a direct, wholly-owned subsidiary of CollabRx (the "Merger"). Prior to closing, the Company amended its certificate of incorporation to effect a 1-for-10 reverse stock split and to change its name to Rennova Health, Inc. In connection with the Merger, (i) each share of common stock of Medytox was converted into the right to receive 0.4096377408003329 shares of common stock of the Company, (ii) each share of Series B Preferred Stock of Medytox was converted into the right to receive one share of a newly-authorized Series B Convertible Preferred Stock of the Company, and (iii) each share of Series E Convertible Preferred Stock of Medytox was converted into the right to receive one share of a newly-authorized Series E Convertible Preferred Stock of the Company. This transaction will be accounted for as a reverse merger in accordance with Generally Accepted Accounting Policies.

Holders of Company equity prior to the closing of the Merger (including all outstanding Company common stock and all restricted stock units, options and warrants exercisable for shares of Company common stock) hold 10% of the Company's common stock following the closing of the Merger, and holders of Medytox equity prior to the closing of the Merger (including all outstanding Medytox common stock and all outstanding options exercisable for shares of Medytox common stock, but less certain options that were cancelled upon the closing pursuant to agreements between Medytox and such optionees) hold 90% of the Company's common stock following the closing of the Merger, in each case on a fully diluted basis, provided, however, outstanding shares of the newly designated Series B Convertible Preferred Stock and Series E Convertible Preferred Stock, certain outstanding convertible promissory notes exercisable for Company common stock after the closing and certain option grants expected to be made following the closing of the Merger are excluded from such ownership percentages.

On November 3, 2015, the common stock of Rennova Health, Inc. commenced trading on the Nasdaq Capital Market under the symbol "RNVA." Prior to that date, our common stock was listed on the NASDAQ Capital Market under the symbol "CLRX." Immediately after the consummation of the Merger, the Company had 13,765,375 shares of common stock, 5,000 shares of Series B Convertible Preferred Stock and 45,000 shares of Series E Convertible Preferred Stock issued and outstanding.

Medytox Solutions, Inc.

Medytox Solutions, Inc. is a holding company that owns and operates businesses in the medical services sector. Medytox is a new generation healthcare enterprise that delivers a single source for integrated solutions. Medytox applies its innovative approach through an outstanding suite of IT & software solutions, revenue cycle management and financial services, combined with a range of diagnostic testing and other ancillary services for the healthcare sector.

Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology testing to physicians, clinics and rehabilitation facilities in the United States. Testing services to rehabilitation facilities represented over 90% of Medytox's revenues for the years ended December 31, 2014 and December 31, 2013.

Medytox, utilizing its proprietary lab ordering and reporting software, offers a complete, turn-key urine drug testing ("UDT") program allowing physicians to proactively monitor and treat patients. The Medytox UDT program is utilized by physicians to identify and evaluate prescribed and/or non-prescribed drugs that when combined may cause adverse drug interactions dangerous to a patient's health. With our UDT program, physicians can be more assured their patients are adhering to their therapeutic drug regimens and are in compliance with their prescribed guidelines. Our UDT program helps the health care provider achieve better outcomes for patients and in evaluating to what extent the prescribed medications and their dosages are working for the patient to achieve a better outcome towards recovery.

As a provider of clinical laboratory services, we continue to pursue our strategy of acquiring or entering into binding relationships with high-complexity laboratories that can facilitate our customers' needs. We have successfully completed substantial expansion of our New Mexico and Florida based laboratories and have completed several acquisitions or strategic partnerships with laboratories located in different regions of the United States, allowing us to correspondingly increase our client base. These laboratories, and those we will continue to seek out, offer or can be developed to offer, the most advanced analytical technology for the processing of urine specimens including Immunoassay Analyzers ("IA") for screens and Gas Chromatography Mass Spectrometry/Liquid Chromatography Mass Spectrometry ("GCMS/LCMS") for confirmations. All Medytox laboratories are fully-staffed professional COLA-accredited high complexity laboratories with additional certifications such as the COLA Laboratory of Excellence Award (COLA's Highest Commendation), Clinical Laboratory Improvement Amendments ("CLIA") and the State of Florida's AHCA Clinical Laboratory License for Non-Waived High Complexity testing, and we anticipate that any facilities acquired in the future will meet these stringent requirements. Our in-house billing company services all of our facilities, utilizing electronic processing of claims to the major insurance payers and eliminating the need to rely on and pay for the services of clearing houses, allowing us to maximize profit retention.

Medytox is actively expanding the services it offers its clients to include not just specialized diagnostic testing in its laboratories but medical billing services, electronic health records ("EHR") and laboratory information systems ("LIS") products and IT and software solutions incorporating integration of numerous electronic communication platforms in the sector in an effort to provide a single source solution to medical providers.

Medytox was organized on July 20, 2005 under the laws of the State of Nevada. In the first half of 2011, management decided to reorganize as a holding company to acquire and manage a number of companies in the medical services sector.

Additional information about Medytox is included elsewhere in this prospectus. See the sections titled "*Information With Respect to Medytox's Business"* and "*Medytox's Management Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 48 and 60, respectively.

CollabRx, Inc.

CollabRx develops and markets medical information and clinical decision support products and services intended to set a standard for the clinical interpretation of genomics-based, precision medicine. Building on a comprehensive and specialized knowledge base, software systems that facilitate dynamic updating and automated reporting and a large network of independent expert clinical advisors, we have developed a suite of unique and differentiated information products and services. These products include a scalable system for providing high-value information on biomarkers and related therapies for inclusion in reports prepared by diagnostic labs reporting on the results from their multi-biomarker genomic-based tests. In addition, we have developed decision-support tools for physicians and patients to assist with treatment planning for advanced cancer, offered over the Internet in both web-based and mobile apps. We believe that both product sets are highly synergistic, and allow opportunities for enhancement, cross-fertilization and adoption that go beyond what each would offer individually.

CollabRx, Inc., a Delaware corporation, is the formerly named Tegal Corporation, a Delaware corporation ("Tegal"), which acquired a private company of the same name on July 12, 2012. Following approval by its stockholders on September 25, 2012, Tegal amended its charter and changed its name to "CollabRx, Inc." Tegal was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Tegal's predecessor company was founded in 1972 and acquired by Motorola, Inc. in 1978. Tegal completed its initial public offering in October 1995.

Additional information about CollabRx is included elsewhere in this prospectus. See the sections titled "*Information With Respect to CollabRx's Business"* and *"CollabRx's Management Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 69 and 84, respectively.

Risks That We Face

An investment in our securities involves a high degree of risk. You should carefully consider the risks summarized below. The risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

- The combined company may be unable to successfully integrate Medytox's and CollabRx's operations or realize the anticipated cost savings and other potential benefits of the Merger in a timely manner or at all. As a result, the value of the combined company's shares may be adversely affected;
- The officers and directors of the combined company will have the ability to exercise significant control over the combined company;
- The Company's common stock is subject to substantial dilution due to various convertible securities;
- The price of our common stock may fluctuate significantly, and you could lose all or part of your investment;
- Our business could be harmed from the loss or suspension of a license or imposition of a fine or penalties under, or future changes or changing interpretations of, CLIA or state laboratory licensing laws to which we are subject;
- We conduct our clinical laboratory testing business in a heavily regulated industry and changes in regulations or violations of regulations could, directly or indirectly, harm our operating results and financial condition;
- Failure to maintain the security of customer-related information or compliance with security requirements could damage our reputation with customers, and cause us to incur substantial additional costs and to become subject to litigation;
- Our business has substantial indebtedness and tax liabilities;
- Hardware and software failures, delays in the operation of computer and communications systems, the failure to implement system enhancements or cyber security breaches may harm us;
- We are dependent on a family of products that informs genomic-based medicine; and
- We may be subject to claims that we or our technologies infringe upon the intellectual property or other proprietary rights of a third party. Any such claims may require us to incur significant costs, to enter into royalty or licensing agreements or to develop or license substitute technology.

Recent Developments

On December 10, 2015, the Securities and Exchange Commission (the "SEC" or "Commission") issued an order instituting administrative and cease and desist proceedings (the "Order") against DKM Certified Public Accountants, Inc. ("DKM"). DKM previously audited the financial statements of Medytox for the year ended December 31, 2013. The matters pertaining to the Order did not relate to DKM's audit of the financial statements of Medytox. Pursuant to the Order, DKM is denied the privilege of appearing or practicing before the Commission as an accountant. As a result, the Company engaged Green & Company, CPAs ("Green & Company") to re-audit Medytox's financial statements for the year ended December 31, 2013. The Company filed a Current Report on Form 8-K/A, which included the audited financials of Medytox for the years ended December 31, 2014 and December 31, 2013, and the audit report of Green & Company, dated December 16, 2015, and which is incorporated herein by reference.

Travis Green, the managing partner of Green & Company, was previously a partner with DKM and was a member of the DKM assurance team that audited Medytox's financial statements for the year ended December 31, 2013. Mr. Green was not a subject of the Order. As previously disclosed in Medytox's Current Report on Form 8-K filed with the SEC on October 7, 2014, in connection with DKM's audits of Medytox's financial statements for the fiscal years ended December 31, 2013 and December 31, 2012, and through the interim period ended October 2, 2014, Medytox had no disagreement with DKM on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of DKM, would have caused DKM to make a reference to the subject matter of the disagreements in connection with its reports on the consolidated financial statements for the fiscal years ended December 31, 2013 and December 31, 2012. Also, as previously disclosed, during the fiscal years ended December 31, 2013 and December 31, 2012, and through the interim period ended October 2, 2014, no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K had occurred.

As of November 2, 2015, Rennova had total assets of approximately $44,880,000, total liabilities of approximately $25,357,000 and total stockholder's equity of approximately $19,523,000.

On December 14, 2015, holders representing approximately 64% of the total voting power of the Company's securities approved by written consent an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock of the Company from 50,000,000 shares to 500,000,000 shares. The Company is preparing an information statement to be mailed to the Company's stockholders. The amendment to the Certificate of Incorporation will not be effective until a date which is at least 20 days after the date on which the information statement is first mailed to the Company's stockholders of record as of December 14, 2015.

Corporate Information

Effective November 2, 2015, the Company, a Delaware corporation, changed its name from "CollabRx, Inc." to "Rennova Health, Inc." The Company was previously named Tegal Corporation until 2012 when it acquired a private company named CollabRx, Inc. and changed its name to "CollabRx, Inc." Tegal Corporation was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Tegal's predecessor company was founded in 1972 and acquired by Motorola, Inc. in 1978. Tegal completed its initial public offering in October 1995.

The Company's year end is March 31.

Our principal executive offices are located at 400 South Australian Avenue, Suite 800, West Palm Beach, Florida 33401 and our telephone number is (561) 855-1626. Our website address is *www.rennovahealth.com.* The information contained on, or that can be accessed through, our website is not part of this prospectus.

THE OFFERING

Class A Units offered by us	We are offering [●] Class A Units. Each Class A Unit will consist of one share of our common stock and one Warrant to purchase one share of our common stock. The Class A Units will not be certificated and the share of common stock and Warrant part of such unit are immediately separable and will be issued separately in this offering.
Class B Units offered by us	We are also offering to those purchasers, if any, whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering, the opportunity, in lieu of purchasing Class A Units, to purchase Class B Units. Each Class B Unit will consist of one share of Series C Preferred, with a stated value of $1,000 and convertible into [●] shares of our common stock, together with [●] Warrants. The Series C Preferred do not have any voting rights but are convertible into shares of common stock. The Class B Units will not be certificated and the share of Series C Preferred and Warrants part of such unit are immediately separable and will be issued separately in this offering.
Warrants	Each Warrant will be exercisable for one share of Common Stock, will have an exercise price which is equal to [●] per share, will be exercisable upon issuance and will expire five years from the date of issuance.
Common Stock underlying Warrants and Series C Preferred	This prospectus also relates to the offering of [●] shares of our common stock issuable upon the exercise of Warrants included in the Units. This prospectus additionally relates to the offering of [●] shares of our common stock issuable upon conversion of the Series C Preferred included in the Class B Units.
Over-allotment option	The underwriters have an option for a period of 45 days to purchase up to [●] of additional securities soley to cover over-allotments, if any.
Common stock to be outstanding immediately after this offering	[●] shares. If the underwriters' over-allotment option is exercised in full, the total number of shares of common stock outstanding immediately following the option exercise will be [●] shares. Excludes shares of common stock that may be issued under the Warrants and Series C Preferred Stock to be issued in this offering. Assumes only Class A Units are sold in this offering. To the extent we sell any Class B Units, the same aggregate number of common stock equivalents resulting from this offering would be convertible under the Series C Preferred issued as part of the Class B Units.
Use of proceeds	We intend to use the net proceeds received from this offering for working capital and general corporate purposes, including continued development of new diagnostics processes and methodologies and paying for possible acquisitions or expansion of our business. See "Use of Proceeds."
Risk Factors	See the section titled "Risk Factors" beginning on page 7 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Nasdaq Capital Market symbol for our common stock	RNVA.
Proposed Nasdaq Capital Market symbol for the warrants	We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop.
No Market for the Units or Series C Preferred	There is no established public trading market for the Series C Preferred, and we do not intend to apply to list the Series C Preferred on any securities exchange or automated quotation system.

The number of shares of our common stock to be outstanding after this offering is based on 13,763,275 shares of our common stock outstanding as of December 21, 2015 and excludes as of such date:

- 5,733,945 shares of our common stock issuable upon the conversion of outstanding Series B Convertible Preferred Stock;

- 194,595 shares of our common stock issuable upon the conversion of outstanding Series E Convertible Preferred Stock, based on the closing price of $1.85 per share on December 21, 2015 (provided, that, such number of shares is subject to adjustment as provided in the Certificate of Designation for the Series E Convertible Preferred Stock);

- 2,022,404 shares of our common stock issuable upon the conversion of outstanding convertible debt;

- 1,822,675 shares of our common stock issuable upon the exercise of outstanding stock options, with a weighted average exercise price of $6.74 per share;

- 446,947 shares of our common stock issuable upon the exercise of outstanding warrants, with a weighted average exercise price of $9.40 per share;

- shares issuable upon exercise of warrants sold in this offering;

- any shares of our common stock issuable upon exercise of the underwriters' over-allotment option; and

- other shares of our common stock reserved for future issuance under the CollabRx 2007 Incentive Award Plan, as amended, and the Medytox Solutions, Inc. 2013 Incentive Compensation Plan.

Except as otherwise indicated herein, all information in this prospectus, including the number of shares that will be outstanding after this offering, assumes (i) no exercise by the underwriters of their over-allotment option and (ii) only Class A Units are sold in this offering (to the extent we sell any Class B Units, the same aggregate number of common stock equivalents resulting from this offering would be convertible under the Series C Preferred issued as part of the Class B Units).

Unless otherwise stated, all information stated in this prospectus reflects an assumed public offering price of $[●] per Class A Unit, which was the closing price of our common stock on The NASDAQ Capital Market on December [●], 2015.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION AND DATA

The following table presents selected unaudited pro forma condensed combined financial information about Medytox's consolidated balance sheet and statements of operations, after giving effect to the merger with CollabRx. The information under "*Unaudited Pro Forma Combined Statement of Operations Data*" in the table below gives effect to the merger as if it had been consummated on April 1, 2014, the beginning of the earliest period presented. The information under "*Unaudited Pro Forma Combined Balance Sheet Data*" in the table below assumes the merger had been consummated on September 30, 2015. This unaudited pro forma condensed combined financial information may require additional pro forma adjustments including, but not limited to, acquisition accounting adjustments. Such adjustments may be material to the currently presented pro forma financial information.

The unaudited pro forma condensed combined financial information below: (i) includes adjustments to eliminate costs associated with the Merger and certain duplicate expenses since both are SEC registrants and (ii) reflect the tax impact of such expense reductions and the tax benefit of the CollabRx losses as if the combined company filed a single tax return for periods presented. These proforma adjustments are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company.

The information presented below should be read in conjunction with the historical consolidated financial statements of Medytox and CollabRx, including the related notes, incorporated by reference in this prospectus, and with the unaudited pro forma condensed combined financial statements, including the related notes, included in this prospectus. See "*Where You Can Find More Information*" and "*Unaudited Pro Forma Condensed Combined Financial Statements*" beginning on pages 134 and 39, respectively. The unaudited pro forma condensed combined financial information is not necessarily indicative of results that actually would have occurred or that may occur in the future had the Merger been completed on the dates indicated.

Unaudited Pro Forma Combined Statement of Operations Data:

	Six months ended September 30, 2015	Year ended March 31, 2015
Net revenues	$ 15,496,569	$ 57,199,063
Gross profit, net revenues less direct costs of revenue	10,909,471	40,453,162
Operating expenses, excluding direct costs of revenue	19,982,515	34,613,942
Operating income (loss)	(9,073,044)	5,839,220
Income (loss) before income taxes	(9,653,076)	5,601,037
Net Income (loss)	(6,071,599)	3,360,622
Diluted income (loss) per common share	(0.42)	0.27

Unaudited Pro Forma Combined Balance Sheet Data:

	As of September 30, 2015
Cash	$ 6,709,057
Total current assets	30,346,276
Goodwill	3,366,520
Other intangible assets, net	4,412,322
Total assets	46,979,856
Total current liabilities	18,250,570
Note payable - related party	4,652,165
Total liabilities	24,622,857
Total shareholders' equity	22,356,999

COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The following table presents, for the periods indicated, certain historical per share data of Medytox and CollabRx, and unaudited pro forma combined per share information giving effect to the Merger of Medytox and CollabRx as if the Merger had been effective for the periods presented.

The data have been derived from and should be read in conjunction with the selected historical consolidated financial information, the unaudited pro forma condensed combined financial information and the accompanying notes, and the separate historical consolidated financial statements and the accompanying notes of Medytox and of CollabRx incorporated by reference in this prospectus. For additional information, please see the section titled "*Where You Can Find More Information*" beginning on page 134 of this prospectus.

The unaudited pro forma per share data are presented for informational purposes only and are not intended to represent or be indicative of the combined consolidated results of operations or financial condition that would have been reported had the Merger been completed as of the date presented and should not be taken as representative of future results of operations or financial condition of Medytox and CollabRx and following the Merger.

Per share information for the six months ended September 30, 2015:	**Medytox Historical**	**CollabRx Historical**	**Pro Forma Combined**
Net income (loss)	$ (0.22)	$ (0.22)	$ (0.42)
Book value	0.49	0.59	1.67
Cash dividends on common stock	–	–	–

Per share information for the year ended March 31, 2015:	**Medytox Historical**	**CollabRx Historical**	**Pro Forma Combined**
Net income (loss)	$ –	$ (1.52)	$ 0.27
Book value	0.50	1.82	1.79
Cash dividends on common stock	–	–	–

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, including our financial statements and related notes, which are incorporated by reference in this prospectus, before deciding whether to invest in shares of our securities. The occurrence of any of the adverse developments described in the following risk factors could materially and adversely harm our business, financial condition, results of operations or prospects. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to this Offering

There is no established public trading market for the Series C Preferred or warrants being offered in this offering.

There is no established public trading market for the Series C Preferred or warrants being offered in this offering. We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop. We do not intend to apply to list the Series C Preferred on a securities exchange. Without an active trading market, the liquidity of the respective security will be limited.

Management will have broad discretion over the use of the net proceeds received by us in this offering and may apply them to uses that do not improve our operating results or the value of your securities.

Our management will have broad discretion in the application of the net proceeds we receive in this offering, including for any of the purposes described in the section of this prospectus entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether our management is using the net proceeds appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business and cause the price of our common stock to decline. Pending their use, we may invest our net proceeds from this offering in short-term, interest-bearing securities. These investments may not yield a favorable return to our stockholders.

A substantial number of shares of common stock may be sold in the market following this offering, which may depress the market price for our common stock.

Sales of a substantial number of shares of our common stock (including shares issued upon the exercise of options, warrants and other convertible securities) in the public market following this offering could cause the market price of our common stock to decline. A substantial majority of the outstanding shares of our common stock are, and the shares of common stock sold in this offering upon issuance will be, freely tradable without restriction or further registration under the Securities Act of 1933, as amended.

Holders of our warrants will have no rights as a common stockholder until they acquire our common stock.

Until you acquire shares of our common stock upon exercise of your warrants, you will have no rights with respect to shares of our common stock issuable upon exercise of your warrants. Upon exercise of your warrants, you will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the exercise date.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our common stock. We anticipate that we will retain our earnings, if any, for future growth and therefore do not anticipate paying cash dividends on our common stock in the future. As a result, only appreciation of the price of our common stock will provide a return to stockholders.

The warrants may not have any value.

The warrants sold in this offering will have an exercise price of $[ ] per share and will expire on the fifth anniversary of the date they first become exercisable. In the event our common stock price does not exceed the exercise price of the warrants during the period when the warrants are exercisable, the warrants may not have any value.

You may experience future dilution as a result of future equity offerings.

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock. We cannot assure you that we will be able to sell shares or other securities in any other offering at a price per share that is equal to or greater than the price per share paid by investors in this offering, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common stock or other securities convertible into or exchangeable for our common stock in future transactions may be higher or lower than the price per share in this offering.

Risks Related to the Combined Company Following the Merger

The combined company will need additional financing after the merger is completed, which may not be available on favorable terms at the time it is needed and which could reduce the combined company's operational and strategic flexibility.

The combined company will require additional working capital to fund future operations. The combined company could seek to acquire that through additional equity or debt financing arrangements, which may or may not be available on favorable terms at such time. If the combined company raises additional funds by issuing equity securities, the combined company's stockholders will experience dilution. Debt financing, if available, may involve covenants restricting the combined company's operations or its ability to incur additional debt. Any debt financing or additional equity that the combined company raises may contain terms that are not favorable to the combined company or its stockholders. If the combined company does not have, or is not able to obtain, sufficient funds, it may have to delay development or commercialization of its products or license to third parties the rights to commercialize products or technologies that it would otherwise seek to commercialize. The combined company also may have to reduce marketing, customer support or other resources devoted to its products or cease operations.

The combined company may be unable to successfully integrate Medytox's and CollabRx's operations or realize the anticipated cost savings and other potential benefits of the Merger in a timely manner or at all. As a result, the value of the combined company's shares may be adversely affected.

Medytox and CollabRx entered into the merger agreement because each company believed that the merger will be beneficial to its respective stockholders, other stakeholders and businesses. Achieving the anticipated potential benefits of the merger will depend in part upon whether the combined company is able to integrate Medytox's and CollabRx's operations in an efficient and effective manner. The integration process may not be completed smoothly or successfully. The necessity of coordinating geographically separated organizations, systems and facilities and addressing possible differences in business backgrounds, corporate cultures and management philosophies may increase the difficulties of integration. Medytox and CollabRx operate numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, payroll, employee benefits and regulatory compliance. Medytox and CollabRx may also have inconsistencies in standards, controls, procedures or policies that could affect the combined company's ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. The integration of certain operations following the merger will require the dedication of significant management resources, which may temporarily distract management's attention from the combined company's day-to-day business. Employee uncertainty and lack of focus during the integration process may also disrupt the combined company's business. Any inability of management to integrate successfully the operations of the two companies or to do so within a longer time frame than expected could have a material adverse effect on the combined company's business and operating results. The combined company may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of the merger. An inability to realize the full extent of, or any of, the anticipated benefits of the Merger, as well as any delays encountered in the integration process, could have an adverse effect on the combined company's business and operating results, which may affect the value of the combined company's shares after completion of the merger.

The success of the combined company after the Merger will depend in part upon the ability of Medytox and CollabRx to retain key employees of each company. Competition for qualified personnel can be very intense. In addition, key employees may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with the combined company. Accordingly, no assurance can be given that key employees will be retained.

Medytox and CollabRx have not yet determined the exact nature of how the businesses and operations of the two companies will be combined after the merger. The actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following completion of the Merger.

Following completion of the Merger, the size of the business of the combined company will increase significantly beyond the current size of either Medytox's or CollabRx's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the merger.

Medytox and CollabRx will incur direct and indirect costs as a result of the Merger.

Medytox and CollabRx will incur substantial expenses in connection with completing the merger, and over a period of time following completion of the merger, the combined company further expects to incur substantial expenses in connection with coordinating the businesses, operations, policies and procedures of Medytox and CollabRx. While Medytox and CollabRx have assumed that a certain level of transaction and coordination expenses will be incurred, there are a number of factors beyond the combined company's control that could affect the total amount or the timing of these transaction and coordination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses may exceed the costs historically borne by Medytox and CollabRx.

The officers and directors of the combined company will have the ability to exercise significant control over the combined company.

The directors and officers of the combined company may exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of the combined company or forcing management to change its operating strategies, which may be to the benefit of management but not in the interest of the stockholders of the combined company.

As a company with limited capital and human resources, we anticipate that more of management's time and attention will be diverted from our business to ensure compliance with regulatory requirements than would be the case with a company that has well established controls and procedures. This diversion of management's time and attention may have a material adverse effect on our business, financial condition and results of operations.

In the event we identify significant deficiencies or material weaknesses in our internal control over financial reporting that we cannot remediate in a timely manner, or if we are unable to receive a positive attestation from our independent registered public accounting firm with respect to our internal control over financial reporting when we are required to do so, investors and others may lose confidence in the reliability of our financial statements. If this occurs, the trading price of our common stock, if any, and ability to obtain any necessary equity or debt financing could suffer. In addition, in the event that our independent registered public accounting firm is unable to rely on our internal control over financial reporting in connection with its audit of our financial statements, and in the further event that it is unable to devise alternative procedures in order to satisfy itself as to the material accuracy of our financial statements and related disclosures, we may be unable to file our periodic reports with the SEC. This would likely have an adverse effect on the trading price of our common stock, if any, and our ability to secure any necessary additional financing, and could result in the delisting of our common stock. In such event, the liquidity of our common stock would be severely limited and the market price of our common stock would likely decline significantly.

If we cease to be a "smaller reporting company" in the future, we will be required to obtain an auditor's attestation on the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002. Complying with this requirement will increase our accounting costs, and any delay or difficulty in satisfying this requirement could adversely affect our future results of operations and our stock price.

As a smaller reporting company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, which requires an independent registered public accounting firm to test the internal control over financial reporting of public companies, and to report on the effectiveness of such controls. If our status as a smaller reporting company changes, we may be required to comply with this auditor attestation requirement. We expect that compliance with this requirement would increase our financial compliance costs and make our audit process more time consuming and costly. In addition, we may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we may acquire. If so, we cannot be certain that any remedial measures we take will ensure that we have adequate internal controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if it becomes necessary for our independent registered public accounting firm to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting and it is unable to do so, investors could lose confidence in the reliability of our financial statements. Any failure to implement required new or improved controls, or difficulties or significant costs encountered in the implementation or operation of these controls, could harm our operating results and cause us to fail to meet our financial reporting obligations, which could adversely affect our business and reduce our stock price.

The Company's common stock is subject to substantial dilution due to various convertible securities.

The Company has outstanding stock options to purchase an aggregate of 1,822,675 shares of common stock at a weighted average exercise price of $6.74 and warrants to purchase an aggregate of 446,947 shares of common stock at a weighted average exercise price of $9.40. Additionally, the Company has outstanding Series B Convertible Preferred Stock convertible into 5,733,945 shares of common stock, Series E Convertible Preferred Stock convertible into 194,595 shares of common stock (based on the closing price of $1.85 per share on December 21, 2015 provided, that, such number of shares is subject to adjustment as provided in the Certificate of Designation for the Series E Convertible Preferred Stock), and debt convertible into 2,022,404 shares of common stock. Exercise of the options and convertible securities could result in substantial dilution of our common stock and a decline in its market price.

We plan to use our stock to pay, to a large extent, for future acquisitions and this would be dilutive to investors.

We plan to use additional stock to pay, to a large extent, for future acquisitions, and believe that doing so will enable us to retain a greater percentage of our operating capital to pay for operations and marketing. Price and volume fluctuations in our stock might negatively impact our ability to effectively use our stock to pay for acquisitions, or could cause us to offer stock as consideration for acquisitions on terms that are not favorable to us and our stockholders. If we did resort to issuing stock in lieu of cash for acquisitions under unfavorable circumstances, it would result in increased dilution to investors.

The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

The trading price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic and stock market conditions, including disruptions in the world credit and equity markets;
- the failure of securities analysts to cover our common stock;
- future sales of our common stock; and
- the other factors described in these "Risk Factors."

In recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The price of our common stock could fluctuate based upon factors that have little to do with our performance, and these fluctuations could materially reduce our stock price.

In the past, some companies, including companies in our industry, have had volatile market prices for their securities and have had securities class action suits filed against them. The filing of a lawsuit against us, regardless of the outcome, could have a material adverse effect on our business, financial condition and results of operations, as it could result in substantial legal costs and a diversion of our management's attention and resources.

Our actual operating results may differ significantly from guidance provided by our management.

Although it has not been our practice in the recent past to do so, we may from time to time release guidance in our quarterly earnings releases, quarterly earnings conference call, or otherwise, regarding our future performance that represent our management's estimates as of the date of release. This guidance, which includes forward-looking statements, would be based on projections prepared by our management. If projections are provided, they would not be prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our registered public accountants nor any other independent expert or outside party would examine the projections and, accordingly, no such person would express any opinion or any other form of assurance with respect thereto.

Projections would be based upon a number of assumptions and estimates that, while presented with numerical specificity, would be inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which would be beyond our control and would be based upon specific assumptions with respect to future business decisions, some of which will change. We would generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we would release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports that may be published by analysts.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, any guidance provided is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from any guidance provided and the variations may be material. In light of the foregoing, investors are urged not to rely upon, or otherwise consider, any guidance provided in making an investment decision in respect of our securities. Any failure to successfully implement our operating strategy could result in the actual operating results being different from our guidance, and such differences may be adverse and material.

Provisions of Delaware law and our organizational documents may discourage takeovers and business combinations that our stockholders may consider in their best interests, which could negatively affect our stock price.

Provisions of Delaware law and our certificate of incorporation and bylaws may have the effect of delaying or preventing a change in control of our company or deterring tender offers for our common stock that other stockholders may consider in their best interests.

Our certificate of incorporation authorizes us to issue up to 5,000,000 shares of preferred stock in one or more different series with terms to be fixed by our board of directors. Stockholder approval is not necessary to issue preferred stock in this manner. Issuance of these shares of preferred stock could have the effect of making it more difficult and more expensive for a person or group to acquire control of us, and could effectively be used as an anti-takeover device.

Our bylaws provide for an advance notice procedure for stockholders to nominate director candidates for election or to bring business before an annual meeting of stockholders, including proposed nominations of persons for election to our board of directors, and require that special meetings of stockholders be called only by our chairman of the board, chief executive officer, president or the board pursuant to a resolution adopted by a majority of the board.

The anti-takeover provisions of Delaware law and provisions in our organizational documents may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

As a public company, we incur significant administrative workload and expenses.

As a public company with common stock listed on The NASDAQ Capital Market, we must comply with various laws, regulations and requirements, including certain provisions of the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and The NASDAQ Stock Market. Complying with these statutes, regulations and requirements, including our public company reporting requirements, continues to occupy a significant amount of the time of our board of directors and management and involves significant accounting, legal and other expenses. We have hired, and anticipate that we will continue to hire, additional accounting personnel to handle these responsibilities, which will increase our operating costs. Furthermore, these laws, regulations and requirements could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

New laws and regulations as well as changes to existing laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and by The NASDAQ Stock Market, would likely result in increased costs to us as we respond to their requirements. We are investing resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your investment in our common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. Shares of our common stock may depreciate in value or may not appreciate in value.

If any of the events described in "Risks Related to Medytox" or "Risks Related to CollabRx" occur, those events could cause the potential benefits of the Merger not to be realized.

Following completion of the Merger, the combined company is susceptible to many of the risks described under "*Risks Related to Medytox*" and "*Risks Related to CollabRx.*" To the extent any of the events in the risks described in those sections occur, those events could cause the potential benefits of the merger not to be realized and the market price of the combined company's shares to decline.

Risks Related to Medytox

Our business could be harmed from the loss or suspension of a license or imposition of a fine or penalties under, or future changes or changing interpretations of, CLIA or state laboratory licensing laws to which we are subject.

The clinical laboratory testing industry is subject to extensive federal and state regulation, and many of these statutes and regulations have not been interpreted by the courts. CLIA are federal regulatory standards that apply to virtually all clinical laboratories (regardless of the location, size or type of laboratory), including those operated by physicians in their offices, by requiring that they be certified by the federal government or by a federally approved accreditation agency. CLIA does not preempt state law, which in some cases may be more stringent than federal law and require additional personnel qualifications, quality control, record maintenance and proficiency testing. The sanction for failure to comply with CLIA and state requirements may be suspension, revocation or limitation of a laboratory's CLIA certificate, which is necessary to conduct business, as well as significant fines and/or criminal penalties. Several states have similar laws and we may be subject to similar penalties.

We cannot assure you that applicable statutes and regulations will not be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect our business. Potential sanctions for violation of these statutes and regulations include significant fines and the suspension or loss of various licenses, certificates and authorizations, which could have a material adverse effect on our business. In addition, compliance with future legislation could impose additional requirements on us, which may be costly.

Healthcare plans have taken steps to control the utilization and reimbursement of healthcare services, including clinical test services.

We also face efforts by non-governmental third-party payers, including healthcare plans, to reduce utilization and reimbursement for clinical testing services.

The healthcare industry has experienced a trend of consolidation among healthcare insurance plans, resulting in fewer but larger insurance plans with significant bargaining power to negotiate fee arrangements with healthcare providers, including clinical testing providers. These healthcare plans, and independent physician associations, may demand that clinical testing providers accept discounted fee structures or assume all or a portion of the financial risk associated with providing testing services to their members through capped payment arrangements. In addition, some healthcare plans have been willing to limit the PPO or Point of Service (“POS”) laboratory network to only a single national laboratory to obtain improved fee-for-service pricing. There are also an increasing number of patients enrolling in consumer driven products and high deductible plans that involve greater patient cost-sharing.

The increased consolidation among healthcare plans also has increased the potential adverse impact of not being a contracted provider with any such insurer. The Patient Protection and Affordable Care Act (the “Health Care Reform Law”) includes provisions, including ones regarding the creation of healthcare exchanges, which may encourage healthcare insurance plans to increase exclusive contracting.

We expect continuing efforts to reduce reimbursements, to impose more stringent cost controls and to reduce utilization of clinical test services. These efforts, including future changes in third-party payer rules, practices and policies, or failing or ceasing to be a contracted provider to a healthcare plan, may have a material adverse effect on our business.

Unless we raise sufficient funds, we will not be able to succeed in our business model.

Medytox, under its current business model, commenced operations in July 2011 and has changed significantly in the past few years which may make it difficult to evaluate our business and prospects based on prior performance. Our business model requires us to secure working capital for marketing expenses. Unless we raise sufficient funds, we will not be able to succeed in our business model. If our model fails, then we will fail as a company.

Regulation by the Food and Drug Administration ("FDA") of Laboratory Developed Tests ("LDTs") and clinical laboratories may result in significant change, and our business could be adversely impacted if we fail to adapt.

High complexity, CLIA-certified laboratories, such as ours, frequently develop testing procedures to provide diagnostic results to customers. These tests have been traditionally offered by nearly all complex laboratories for the last few decades and LDTs are subject to oversight of the Center for Medicare and Medicaid Services ("CMS") through its enforcement of CLIA. The FDA, which regulates the development and use of medical devices, has claimed that it has regulatory authority over LDTs, but has not exercised enforcement with respect to most LDTs offered by high complexity laboratories, and not sought to require these laboratories to comply with FDA regulations regarding medical devices. During 2010, the FDA publicly announced that it has decided to exercise regulatory authority over these LDTs, and that it plans to issue guidance to the industry regarding its regulatory approach. At that time, the FDA indicated that it would use a risk-based approach to regulation and would direct more resources to tests with wider distribution and with the highest risk of injury, but that it will be sensitive to the need to not adversely impact patient care or innovation. In September 2014, the FDA announced its framework and timetable for implementing this guidance. We cannot predict the ultimate timing or form of any such guidance or regulation or their potential impact. If adopted, such a regulatory approach by the FDA may lead to an increased regulatory burden, including additional costs and delays in introducing new tests. While the ultimate impact of the FDA's approach is unknown, it may be extensive and may result in significant change. Our failure to adapt to these changes could have a material adverse effect on our business.

Some of our activities may subject us to risks under federal and state laws prohibiting "kickbacks" and other laws designed to prohibit payments for referrals and eliminate healthcare fraud.

Federal and state anti-kickback and similar laws prohibit payment, or offers of payment, in exchange for referrals of products and services for which reimbursement may be made by Medicare or other federal and state healthcare programs. Some state laws contain similar prohibitions that apply without regard to the payor of reimbursement for the services. Under a federal statute, known as the "Stark Law" or "self-referral" prohibition, physicians, subject to certain exceptions, are prohibited from referring their Medicare or Medicaid program patients to clinical laboratories with which the physicians or their immediate family members have a financial relationship, and the laboratories are prohibited from billing for services rendered in violation of Stark Law referral prohibitions. Violations of the federal health care programs' anti-kickback law (the "Anti-Kickback Law") and Stark Law may be punished by civil and criminal penalties, and/or exclusion from participation in federal health care programs, including Medicare and Medicaid. States may impose similar penalties. The Health Care Reform Law significantly strengthened provisions of the Federal False Claims Act and Anti-Kickback Law provisions, and other health care fraud provisions, leading to the possibility of greatly increased qui tam suits by relators for perceived violations of these laws. There can be no assurance that our activities will not come under the scrutiny of regulators and other government authorities or that our practices will not be found to violate applicable laws, rules and regulations or prompt lawsuits by private citizen "relators" under federal or state false claims laws.

Federal officials responsible for administering and enforcing the healthcare laws and regulations have made a priority of eliminating healthcare fraud. For example, the Health Care Reform Law includes significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increased potential penalties for violations. Federal funding available for combating health care fraud and abuse generally has increased. While we seek to conduct our business in compliance with all applicable laws and regulations, many of the laws and regulations applicable to our business, particularly those relating to billing and reimbursement of tests and those relating to relationships with physicians, hospitals and patients, contain language that has not been interpreted by courts. We must rely on our interpretation of these laws and regulations based on the advice of our counsel and regulatory or law enforcement authorities may not agree with our interpretation of these laws and regulations and may seek to enforce legal remedies or penalties against us for violations. From time to time we may need to change our operations, particularly pricing or billing practices, in response to changing interpretations of these laws and regulations or regulatory or judicial determinations with respect to these laws and regulations. These occurrences, regardless of their outcome, could damage our reputation and harm important business relationships that we have with healthcare providers, payors and others. Furthermore, if a regulatory or judicial authority finds that we have not complied with applicable laws and regulations, we would be required to refund amounts that were billed and collected in violation of such laws and regulations. In addition, we may voluntarily refund amounts that were alleged to have been billed and collected in violation of applicable laws and regulations. In either case, we could suffer civil and criminal damages, fines and penalties, exclusion from participation in governmental healthcare programs and the loss of licenses, certificates and authorizations necessary to operate our business, as well as incur liabilities from third-party claims, all of which could harm our operating results and financial condition. Moreover, regardless of the outcome, if we or physicians or other third parties with whom we do business are investigated by a regulatory or law enforcement authority we could incur substantial costs, including legal fees, and our management may be required to divert a substantial amount of time to an investigation.

To enhance compliance with applicable health care laws, and mitigate potential liability in the event of noncompliance, regulatory authorities, such as the Department of Health and Human Services' Office of Inspector General ("OIG"), have recommended the adoption and implementation of a comprehensive health care compliance program that generally contains the elements of an effective compliance and ethics program described in Section 8B2.1 of the United States Sentencing Commission Guidelines Manual, and for many years the OIG has made available a model compliance program targeted to the clinical laboratory industry. In addition, certain states require that health care providers, such as clinical laboratories, that engage in substantial business under the state Medicaid program have a compliance program that generally adheres to the standards set forth in the Model Compliance Program. Also, under the Health Care Reform Law, the U.S. Department of Health and Human Services, or HHS, will require suppliers, such as Medytox, to adopt, as a condition of Medicare participation, compliance programs that meet a core set of requirements. While we have adopted, or are in the process of adopting, healthcare compliance and ethics programs that generally incorporate the OIG's recommendations, and training our applicable employees in such compliance, having such a program can be no assurance that we will avoid any compliance issues.

We conduct our clinical laboratory testing business in a heavily regulated industry and changes in regulations or violations of regulations could, directly or indirectly, harm our operating results and financial condition.

The clinical laboratory testing industry is highly regulated and there can be no assurance that the regulatory environment in which we operate will not change significantly and adversely in the future. Areas of the regulatory environment that may affect our ability to conduct business include, without limitation:

- federal and state laws applicable to billing and claims payment;
- federal and state laboratory anti-mark-up laws;
- federal and state anti-kickback laws;
- federal and state false claims laws;
- federal and state self-referral and financial inducement laws, including the federal physician anti-self-referral law, or the Stark Law;
- coverage and reimbursement levels by Medicare and other governmental payors and private insurers;
- federal and state laws governing laboratory licensing and testing, including CLIA;
- federal and state laws governing the development, use and distribution of diagnostic medical tests known as LDTs;
- the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), along with the revisions to HIPAA as a result of the Federal Health Information Technology for Economic and Clinical Health Act ("HITECH"), and analogous state laws;
- federal, state and foreign regulation of privacy, security, electronic transactions and identity theft;
- federal, state and local laws governing the handling, transportation and disposal of medical and hazardous waste;
- Occupational Safety and Health Administration ("OSHA") rules and regulations;
- changes to laws, regulations and rules as a result of the Health Care Reform Law; and
- changes to other federal, state and local laws, regulations and rules, including tax laws.

These laws and regulations are extremely complex and in many instances, there are no significant regulatory or judicial interpretations of these laws and regulations. Any determination that we have violated these laws or regulations, or the public announcement that we are being investigated for possible violations of these laws or regulations, could harm our operating results and financial condition. In addition, a significant change in any of these laws or regulations may require us to change our business model in order to maintain compliance with these laws or regulations, which could harm our operating results and financial condition.

Failure to comply with complex federal and state laws and regulations related to submission of claims for clinical laboratory services can result in significant monetary damages and penalties and exclusion from the Medicare and Medicaid Programs.

We are subject to extensive federal and state laws and regulations relating to the submission of claims for payment for clinical laboratory services, including those that relate to coverage of our services under Medicare, Medicaid and other governmental health care programs, the amounts that may be billed for our services and to whom claims for services may be submitted.

Our failure to comply with applicable laws and regulations could result in our inability to receive payment for our services or result in attempts by third-party payers, such as Medicare and Medicaid, to recover payments from us that have already been made. Submission of claims in violation of certain statutory or regulatory requirements can result in penalties, including substantial civil money penalties for each item or service billed to Medicare in violation of the legal requirement, and exclusion from participation in Medicare and Medicaid. Government authorities may also assert that violations of laws and regulations related to submission or causing the submission of claims violate the federal False Claims Act ("FCA") or other laws related to fraud and abuse, including submission of claims for services that were not medically necessary. Violations of the FCA could result in enormous economic liability. The FCA provides that all damages are trebled, and each false claim submitted is subject to a penalty of up to $11,000. For example, we could be subject to FCA liability if it was determined that the services we provided were not medically necessary and not reimbursable, particularly if it were asserted that we contributed to the physician's referrals of unnecessary services to us. It is also possible that the government could attempt to hold us liable under fraud and abuse laws for improper claims submitted by an entity for services that we performed if we were found to have knowingly participated in the arrangement that resulted in submission of the improper claims.

Changes in regulation and policies, including increasing downward pressure on health care reimbursement, may adversely affect reimbursement for diagnostic services and could have a material adverse impact on our business.

Reimbursement levels for health care services are subject to continuous and often unexpected changes in policies, and we face a variety of efforts by government payers to reduce utilization and reimbursement for diagnostic testing services. Changes in governmental reimbursement may result from statutory and regulatory changes, retroactive rate adjustments, administrative rulings, competitive bidding initiatives, and other policy changes.

The Health Care Reform Law includes two separate reductions in the reimbursement rates for our clinical laboratory services under the clinical laboratory fee schedule. First, it includes a "productivity adjustment". Second, it includes an additional 1.75 percent reduction, the first of a series of such annual reductions effective from 2011 to 2015, which would reduce the annual Consumer Price Index-based update that would otherwise determine our reimbursement for clinical laboratory services. These reimbursement cuts could adversely affect our business.

CMS pays laboratories on the basis of a fee schedule that is reviewed and re-calculated on an annual basis. CMS may change the fee schedule upward or downward on billing codes that we submit for reimbursement on a regular basis; our revenue and business may be adversely affected if the reimbursement rates associated with such codes are reduced. Even when reimbursement rates are not reduced, policy changes add to our costs by increasing the complexity and volume of administrative requirements. Medicaid reimbursement, which varies by state, is also subject to administrative and billing requirements and budget pressures. Recently, state budget pressures have caused states to consider several policy changes that may impact our financial condition and results of operations, such as delaying payments, reducing reimbursement, restricting coverage eligibility and service coverage, and imposing taxes on our services.

Failure to timely or accurately bill for our services could have a material adverse effect on our business.

Billing for clinical testing services is extremely complicated and is subject to extensive and non-uniform rules and administrative requirements. Depending on the billing arrangement and applicable law, we bill various payers, such as patients, insurance companies, Medicare, Medicaid, physicians, hospitals and employer groups. Changes in laws and regulations could increase the complexity and cost of our billing process. Additionally, auditing for compliance with applicable laws and regulations as well as internal compliance policies and procedures adds further cost and complexity to the billing process. Further, our billing systems require significant technology investment and, as a result of marketplace demands, we need to continually invest in our billing systems.

Missing or incorrect information on requisitions adds complexity to and slows the billing process, creates backlogs of unbilled requisitions, and generally increases the aging of accounts receivable and bad debt expense. Failure to timely or correctly bill may lead to our not being reimbursed for our services or an increase in the aging of our accounts receivable, which could adversely affect our results of operations and cash flows. Failure to comply with applicable laws relating to billing government healthcare programs could lead to various penalties, including: (1) exclusion from participation in CMS and other government programs; (2) asset forfeitures; (3) civil and criminal fines and penalties; and (4) the loss of various licenses, certificates and authorizations necessary to operate our business, any of which could have a material adverse effect on our results of operations or cash flows.

There have been times when our accounts receivable have increased at a greater rate than revenue growth and, therefore, have adversely affected our cash flows from operations. We have taken steps to implement systems and processing changes intended to improve billing procedures and related collection results. We believe that we have made progress by reorganizing our accounts receivable and billing functions and that our allowance for doubtful accounts is adequate. However, we cannot assure that our ongoing assessment of accounts receivable will not result in the need for additional provisions. Such additional provisions, if implemented, could have a material adverse effect on our operating results.

Our operations may be adversely impacted by the effects of extreme weather conditions, natural disasters such as hurricanes and earthquakes, health pandemics, hostilities or acts of terrorism and other criminal activities.

Our operations are always subject to adverse impacts resulting from extreme weather conditions, natural disasters, health pandemics, hostilities or acts of terrorism or other criminal activities. Such events may result in a temporary decline in the number of patients who seek clinical testing services or in our employees' ability to perform their job duties. In addition, such events may temporarily interrupt our ability to transport specimens, to receive materials from our suppliers or otherwise to provide our services. The occurrence of any such event and/or a disruption of our operations as a result may adversely affect our results of operations.

Increased competition, including price competition, could have a material adverse impact on our net revenues and profitability.

We operate in a business that is characterized by intense competition. Our major competitors include large national laboratories that possess greater name recognition, larger customer bases, and significantly greater financial resources and employ substantially more personnel than we do. Many of our competitors have long established relationships. We cannot assure you that we will be able to compete successfully with such entities in the future.

The clinical laboratory business is intensely competitive both in terms of price and service. Pricing of laboratory testing services is often one of the most significant factors used by health care providers and third-party payers in selecting a laboratory. As a result of the clinical laboratory industry undergoing significant consolidation, larger clinical laboratory providers are able to increase cost efficiencies afforded by large-scale automated testing. This consolidation results in greater price competition. We may be unable to increase cost efficiencies sufficiently, if at all, and as a result, our net earnings and cash flows could be negatively impacted by such price competition. We may also face increased competition from companies that do not comply with existing laws or regulations or otherwise disregard compliance standards in the industry. Additionally, we may also face changes in fee schedules, competitive bidding for laboratory services or other actions or pressures reducing payment schedules as a result of increased or additional competition.

Additional competition, including price competition, could have a material adverse impact on our net revenues and profitability.

Failure to comply with environmental, health and safety laws and regulations, including the federal Occupational Safety and Health Administration Act and the Needlestick Safety and Prevention Act, could result in fines and penalties and loss of licensure, and have a material adverse effect upon Medytox's business.

Medytox is subject to licensing and regulation under federal, state and local laws and regulations relating to the protection of the environment and human health and safety, including laws and regulations relating to the handling, transportation and disposal of medical specimens, and infectious and hazardous waste materials, as well as regulations relating to the safety and health of laboratory employees. All of Medytox's laboratories are subject to applicable federal and state laws and regulations relating to biohazard disposal of all laboratory specimens, and they utilize outside vendors for disposal of such specimens. In addition, the federal OSHA has established extensive requirements relating to workplace safety for health care employers, including clinical laboratories, whose workers may be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. These requirements, among other things, require work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations and other measures designed to minimize exposure to, and transmission of, blood-borne pathogens. In addition, the Needlestick Safety and Prevention Act requires, among other things, that Medytox include in its safety programs the evaluation and use of emergency controls such as safety needles if found to be effective at reducing the risk of needlestick injuries in the workplace.

Failure to comply with federal, state and local laws and regulations could subject Medytox to denial of the right to conduct business, fines, criminal penalties and/or other enforcement actions which would have a material adverse effect on its business. In addition, compliance with future legislation could impose additional requirements on us which may be costly.

Regulations requiring the use of "standard transactions" for health care services issued under HIPAA may negatively impact Medytox's profitability and cash flows.

Pursuant to HIPAA, the Secretary of Health and Human Services has issued regulations designed to improve the efficiency and effectiveness of the health care system by facilitating the electronic exchange of information in certain financial and administrative transactions while protecting the privacy and security of the information exchanged.

The HIPAA transaction standards are complex, and subject to differences in interpretation by payers. For instance, some payers may interpret the standards to require Medytox to provide certain types of information, including demographic information not usually provided to Medytox by physicians. As a result of inconsistent application of transaction standards by payers or Medytox's inability to obtain certain billing information not usually provided by physicians, Medytox could face increased costs and complexity, a temporary disruption in receipts and ongoing reductions in reimbursements and net revenues. In addition, new requirements for additional standard transactions, such as claims attachments and the ICD-10-CM Code Set, could prove technically difficult, time-consuming or expensive to implement.

Failure to maintain the security of customer-related information or compliance with security requirements could damage Medytox's reputation with customers, and cause it to incur substantial additional costs and to become subject to litigation.

Medytox receives certain personal and financial information about its customers. In addition, Medytox depends upon the secure transmission of confidential information over public networks, including information permitting cashless payments. A compromise in our security systems that results in customer personal information being obtained by unauthorized persons or our failure to comply with security requirements for financial transactions could adversely affect Medytox's reputation with its customers and others, as well as Medytox's results of operations, financial condition and liquidity. It could also result in litigation against Medytox or the imposition of penalties.

Compliance with the HIPAA security regulations and privacy regulations may increase Medytox's costs.

The HIPAA privacy and security regulations, including the expanded requirements under HITECH, establish comprehensive federal standards with respect to the use and disclosure of protected health information by health plans, healthcare providers and healthcare clearinghouses, in addition to setting standards to protect the confidentiality, integrity and security of protected health information. The regulations establish a complex regulatory framework on a variety of subjects, including:

- the circumstances under which the use and disclosure of protected health information are permitted or required without a specific authorization by the patient, including but not limited to treatment purposes, activities to obtain payments for Medytox's services, and its healthcare operations activities;
- a patient's rights to access, amend and receive an accounting of certain disclosures of protected health information;
- the content of notices of privacy practices for protected health information;
- administrative, technical and physical safeguards required of entities that use or receive protected health information; and
- the protection of computing systems maintaining Electronic Personal Health Information (“ePHI”).

Medytox has implemented policies and procedures related to compliance with the HIPAA privacy and security regulations, as required by law. The privacy and security regulations establish a “floor” and do not supersede state laws that are more stringent. Therefore, Medytox is required to comply with both federal privacy and security regulations and varying state privacy and security laws. In addition, for healthcare data transfers from other countries relating to citizens of those countries, Medytox must comply with the laws of those other countries. The federal privacy regulations restrict our ability to use or disclose patient identifiable laboratory data, without patient authorization, for purposes other than payment, treatment or healthcare operations (as defined by HIPAA), except for disclosures for various public policy purposes and other permitted purposes outlined in the privacy regulations. HIPAA, as amended by HITECH, provides for significant fines and other penalties for wrongful use or disclosure of protected health information in violation of the privacy and security regulations, including potential civil and criminal fines and penalties. Due to the enactment of HITECH government enforcement has also increased. It is not possible to predict what the extent of the impact on business will be, other than heightened scrutiny and emphasis on compliance. If Medytox does not comply with existing or new laws and regulations related to protecting the privacy and security of health information it could be subject to significant monetary fines, civil penalties or criminal sanctions. In addition, other federal and state laws that protect the privacy and security of patient information may be subject to enforcement and interpretations by various governmental authorities and courts resulting in complex compliance issues. For example, Medytox could incur damages under state laws pursuant to an action brought by a private party for the wrongful use or disclosure of confidential health information or other private personal information.

The clinical laboratory industry is subject to changing technology and new product introductions.

Advances in technology may lead to the development of more cost-effective technologies such as point-of-care testing equipment that can be operated by physicians or other healthcare providers in their offices or by patients themselves without requiring the services of freestanding clinical laboratories. Development of such technology and its use by Medytox's customers could reduce the demand for its laboratory testing services and negatively impact its revenues.

Currently, most clinical laboratory testing is categorized as “high” or “moderate” complexity, and thereby is subject to extensive and costly regulation under CLIA. The cost of compliance with CLIA makes it impractical for most physicians to operate clinical laboratories in their offices, and other laws limit the ability of physicians to have ownership in a laboratory and to refer tests to such a laboratory. Manufacturers of laboratory equipment and test kits could seek to increase their sales by marketing point-of-care laboratory equipment to physicians and by selling test kits approved for home or physician office use to both physicians and patients. Diagnostic tests approved for home use are automatically deemed to be “waived” tests under CLIA and may be performed in physician office laboratories as well as by patients in their homes with minimal regulatory oversight. Other tests meeting certain FDA criteria also may be classified as “waived” for CLIA purposes. The FDA has regulatory responsibility over instruments, test kits, reagents and other devices used by clinical laboratories and has taken responsibility from the Centers for Disease Control for classifying the complexity of tests for CLIA purposes. Increased approval of “waived” test kits could lead to increased testing by physicians in their offices or by patients at home, which could affect Medytox's market for laboratory testing services and negatively impact its revenues.

Health care reform and related products (e.g. Health Insurance Exchanges), changes in government payment and reimbursement systems, or changes in payer mix, including an increase in capitated reimbursement mechanisms and evolving delivery models, could have a material adverse impact on Medytox's net revenues, profitability and cash flow.

Testing services are billed to private patients, Medicare, Medicaid, commercial clients, managed care organizations (“MCOs”) and third-party insurance companies. Tests ordered by a physician may be billed to different payers depending on the medical insurance benefits of a particular patient. Most testing services are billed to a party other than the physician or other authorized person that ordered the test. Increases in the percentage of services billed to government and managed care payers could have an adverse impact on Medytox's net revenues.

The various MCOs have different contracting philosophies, which are influenced by the design of the products they offer to their members. Some MCOs contract with a limited number of clinical laboratories and engage in direct negotiation of the rates reimbursed to participating laboratories. Other MCOs adopt broader networks with a largely uniform fee structure offered to all participating clinical laboratories. In addition, some MCOs have used capitation in an effort to fix the cost of laboratory testing services for their enrollees. Under a capitated reimbursement mechanism, the clinical laboratory and the managed care organization agree to a per member, per month payment to pay for all authorized laboratory tests ordered during the month by the physician for the members, regardless of the number or cost of the tests actually performed. Capitation shifts the risk of increased test utilization (and the underlying mix of testing services) to the clinical laboratory provider.

A portion of the third-party insurance fee-for-service revenues are collectible from patients in the form of deductibles, copayments and coinsurance. As patient cost-sharing increases, collectability may be impacted.

In addition, Medicare and Medicaid and private insurers have increased their efforts to control the cost, utilization and delivery of health care services, including clinical laboratory services. Measures to regulate health care delivery in general, and clinical laboratories in particular, have resulted in reduced prices, added costs and decreased test utilization for the clinical laboratory industry by increasing complexity and adding new regulatory and administrative requirements. Pursuant to legislation passed in late 2003, the percentage of Medicare beneficiaries enrolled in Medicare managed care plans has increased. The percentage of Medicaid beneficiaries enrolled in Medicaid managed care plans has also increased, and is expected to continue to increase. Implementation of the Health Care Reform Law, the health care reform legislation passed in 2010, also may affect coverage, reimbursement, and utilization of laboratory services, as well as administrative requirements.

Medytox expects efforts to impose reduced reimbursement, more stringent payment policies and cost controls by government and other payers to continue. If Medytox cannot offset additional reductions in the payments it receives for its services by reducing costs, increasing test volume and/or introducing new procedures, it could have a material adverse impact on Medytox's net revenues, profitability and cash flows.

As an employer, health care reform legislation also contains numerous regulations that will require Medytox to implement significant process and record keeping changes to be in compliance. These changes increase the cost of providing healthcare coverage to employees and their families. Given the limited release of regulations to guide compliance, the exact impact to employers including Medytox is uncertain.

A failure to obtain and retain new customers, a loss of existing customers or material contracts, a reduction in tests ordered or specimens submitted by existing customers, or the inability to retain existing and create new relationships with health systems could impact Medytox's ability to successfully grow its business.

To offset efforts by payers to reduce the cost and utilization of clinical laboratory services, Medytox needs to obtain and retain new customers and business partners. In addition, a reduction in tests ordered or specimens submitted by existing customers, without offsetting growth in its customer base, could impact Medytox's ability to successfully grow its business and could have a material adverse impact on Medytox's net revenues and profitability. Medytox competes primarily on the basis of the quality of testing, timeliness of test reporting, reporting and information systems, reputation in the medical community, the pricing of services and ability to employ qualified personnel. Medytox's failure to successfully compete on any of these factors could result in the loss of customers and a reduction in Medytox's ability to expand its customer base.

In addition, as the broader healthcare industry trend of consolidation continues, including the acquisition of physician practices by health systems, relationships with hospital-based health systems and integrated delivery networks are becoming more important. Medytox's inability to create relationships with those provider systems and networks could impact its ability to successfully grow its business.

A failure to identify and successfully close and integrate strategic acquisition targets could have a material adverse impact on Medytox's business objectives and its net revenues and profitability.

Part of Medytox's strategy involves deploying capital in investments that enhance its business, which includes pursuing strategic acquisitions to strengthen its capabilities and increase its presence in key geographic areas. In the past two years, Medytox has acquired an interest in clinical laboratories in California, New Jersey and New Mexico. However, Medytox cannot assure that it will be able to identify attractive acquisition targets that are of a large enough size to have a meaningful impact on its operating results. Furthermore, the successful closing and integration of a strategic acquisition entails numerous risks, including, among others:

- failure to obtain regulatory clearance;
- loss of key customers or employees;
- difficulty in consolidating redundant facilities and infrastructure and in standardizing information and other systems;
- unidentified regulatory problems;
- failure to maintain the quality of services that such companies have historically provided;
- coordination of geographically-separated facilities and workforces; and
- diversion of management's attention from Medytox's day-to-day business.

Medytox cannot assure that current or future acquisitions, if any, or any related integration efforts will be successful, or that Medytox's business will not be adversely affected by any future acquisitions, including with respect to net revenues and profitability. Even if Medytox is able to successfully integrate the operations of businesses that it may acquire in the future, Medytox may not be able to realize the benefits that it expects from such acquisitions.

Adverse results in material litigation matters could have a material adverse effect upon Medytox's business.

Medytox may become subject in the ordinary course of business to material legal action related to, among other things, intellectual property disputes, professional liability and employee-related matters, as well as inquiries and requests for information from governmental agencies and bodies and Medicare or Medicaid carriers requesting comment and/or information on allegations of billing irregularities or billing and pricing arrangements that are brought to their attention through billing audits or third parties. Legal actions could result in substantial monetary damages as well as damage to Medytox's reputation with customers, which could have a material adverse effect upon its business.

An inability to attract and retain experienced and qualified personnel could adversely affect Medytox's business.

The loss of key management personnel or the inability to attract and retain experienced and qualified employees at Medytox's clinical laboratories could adversely affect the business. The success of Medytox is dependent in part on the efforts of key members of its management team.

In addition, the success of our clinical laboratories also depends on employing and retaining qualified and experienced laboratory professionals, including specialists, who perform clinical laboratory testing services. In the future, if competition for the services of these professionals increases, Medytox may not be able to continue to attract and retain individuals in its markets. Medytox's revenues and earnings could be adversely affected if a significant number of professionals terminate their relationship with Medytox or become unable or unwilling to continue their employment.

Failure in Medytox's information technology systems could significantly increase testing turn-around time or billing processes and otherwise disrupt Medytox's operations or customer relationships.

Medytox's laboratory operations and customer relationships depend, in part, on the continued performance of its information technology systems. Despite network security measures and other precautions Medytox has taken, its information technology systems are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptions. In addition, Medytox is in the process of integrating the information technology systems of its recently acquired subsidiaries, and Medytox may experience system failures or interruptions as a result of this process. Sustained system failures or interruption of Medytox's systems in one or more of its laboratory operations could disrupt Medytox's ability to process laboratory requisitions, perform testing, provide test results in a timely manner and/or bill the appropriate party. Breaches with respect to protected health information could result in violations of HIPAA and analogous state laws, and risk the imposition of significant fines and penalties. Failure of Medytox's information technology systems could adversely affect Medytox's business, profitability and financial condition.

A significant deterioration in the economy could negatively impact testing volumes, cash collections and the availability of credit.

Medytox's operations are dependent upon ongoing demand for diagnostic testing services by patients, physicians, hospitals, MCOs, and others. A significant downturn in the economy could negatively impact the demand for diagnostic testing as well as the ability of patients and other payers to pay for services ordered. In addition, uncertainty in the credit markets could reduce the availability of credit and impact Medytox's ability to meet its financing needs in the future.

Increasing health insurance premiums and co-payments or high deductible health plans may cause individuals to forgo health insurance and avoid medical attention, either of which may reduce demand for our products and services.

Health insurance premiums, co-payments and deductibles have generally increased in recent years. These increases may cause individuals to forgo health insurance, as well as medical attention. This behavior may reduce demand for testing by our laboratories.

If goodwill or other intangible assets that we have recorded in connection with our acquisitions of other businesses become impaired, we could have to take significant charges against earnings.

As a result of our acquisitions, we have recorded, and may continue to record, a significant amount of goodwill and other intangible assets. Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in additional charges against earnings, which could materially reduce our reported results of operations in future periods.

Our business has substantial indebtedness and tax liabilities.

We currently have, and will likely continue to have, a substantial amount of indebtedness. Also, as of September 30, 2015, Medytox has income tax liabilities of approximately $3.6 million. Our indebtedness and tax liabilities could, among other things, make it more difficult for us to satisfy our debt obligations, require us to use a large portion of our cash flow from operations to repay and service our debt and tax liabilities or otherwise create liquidity problems, limit our flexibility to adjust to market conditions, place us at a competitive disadvantage and expose us to interest rate fluctuations. As of September 30, 2015, we had total debt outstanding of approximately $7.7 million, of which $4.7 million is short term. In addition our capital lease obligations were $4.0 million at September 30, 2015.

We expect to obtain the money to pay our expenses and pay the principal and interest on our indebtedness and tax liabilities from cash flow from our operations and potentially from debt or equity offerings. Accordingly, our ability to meet our obligations depends on our future performance and capital raising activities, which will be affected by financial, business, economic and other factors, many of which are beyond our control. If our cash flow and capital resources prove inadequate to allow us to pay the principal and interest on our debt, and our tax liabilities and meet our other obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations, restructure or refinance our debt, which we may be unable to do on acceptable terms, and forego attractive business opportunities. In addition, the terms of our existing or future debt agreements may restrict us from pursuing any of these alternatives.

Hardware and software failures, delays in the operation of computer and communications systems, the failure to implement system enhancements or cyber security breaches may harm Medytox.

Medytox's success depends on the efficient and uninterrupted operation of its computer and communications systems. A failure of the network or data gathering procedures could impede the processing of data, delivery of databases and services, client orders and day-to-day management of the business and could result in the corruption or loss of data. While certain operations have appropriate disaster recovery plans in place, there currently are not redundant facilities everywhere to provide IT capacity in the event of a system failure. Despite any precautions we may take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins, cybersecurity breaches and similar events at our various computer facilities could result in interruptions in the flow of data to the servers and from the servers to clients. In addition, any failure by the computer environment to provide required data communications capacity could result in interruptions in service. In the event of a delay in the delivery of data, Medytox could be required to transfer data collection operations to an alternative provider of server hosting services. Such a transfer could result in delays in the ability to deliver products and services to clients. Additionally, significant delays in the planned delivery of system enhancements, and improvements and inadequate performance of the systems once they are completed could damage Medytox's reputation and harm the business. Finally, long-term disruptions in the infrastructure caused by events such as natural disasters, the outbreak of war, the escalation of hostilities, acts of terrorism (particularly involving cities in which Medytox has offices) and cybersecurity breaches could adversely affect the business. Although Medytox carries property and business interruption insurance, the coverage may not be adequate to compensate for all losses that may occur.

Risks Related to CollabRx

Our future growth is dependent on the successful development and introduction of new products and enhancements. There can be no assurance that we will be successful in developing and marketing, on a timely basis, new products or product enhancements, or that our new products will adequately address the changing needs of the health care marketplace.

A significant portion of our operating expense is relatively fixed and planned expenditures are based in part on expectations regarding future revenues. As a result, we are generally unable to mitigate the negative impact on margins in the short term. Accordingly, unexpected revenue shortfalls may significantly decrease our operating results from quarter to quarter. As a result, in future quarters our operating results could fall below the expectations of securities analysts or investors, in which event our stock price would likely decrease.

We have a history of losses, expect to incur substantial further losses and may not achieve or maintain profitability in the future.

We had net losses of $1.0 million, $5.2 million and $3.3 million for the fiscal quarter ended September 30, 2015 and the fiscal years ended March 31, 2015 and 2014, respectively. We used cash flows from operations of $2.4 million, $3.6 million and $2.4 million for the six-months ended September 30, 2015 and the fiscal years ended March 31, 2015 and 2014, respectively. As of September 30, 2015, we had cash and cash equivalents of $5.0 million. We expect to continue to sustain losses for the foreseeable future. If we are not able to achieve profitability and positive cash flows, we may not be able to continue the operation of our business. It is not possible to predict when our business and results of operations will improve.

Our quarterly operating results may continue to fluctuate.

Our revenue and operating results have fluctuated and are likely to continue to fluctuate significantly from quarter to quarter, and we cannot assure you that we will achieve profitability in the future.

Factors that could affect our quarterly operating results include:

- operating results of CollabRx;
- operating results of any companies that we may acquire in the future;
- fluctuations in demand for our products, and the timing of agreements with strategic partners in the health care marketplace;
- the timing of new products and product enhancements;
- changes in the growth rate of the health care marketplace;
- our ability to control costs, including operations expenses;
- our ability to develop, induce and gain market acceptance for new products and product enhancements;
- changes in the competitive environment, including the entry of new competitors and related discounting of products;
- adverse changes in the level of economic activity in the United States or other major economies in which we do business;
- renewal rates and our ability to up-sell additional products;
- the timing of customer acquisitions;
- the timing of revenue recognition for our sales; and
- future accounting pronouncements or changes in our accounting policies.

Our future success depends on our ability to retain our key personnel.

We are dependent on the services of Mr. Mika, CollabRx's President and Chief Executive Officer, our technical experts and other members of our senior management team. The loss of one or more of these key officers or any other member of our senior management team could have a material adverse effect on us. We may not be able to retain or replace these key personnel, and we may not have adequate succession plans in place. Mr. Mika is subject to employment conditions or arrangements that contain post-employment non-competition provisions. However, these arrangements permit Mr. Mika to terminate his employment with us upon little or no notice and the enforceability of the non-competition provisions is uncertain.

If we are unable to hire, retain and motivate qualified personnel, our business would suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel or delays in hiring required personnel, particularly in software and biotechnology, may seriously harm our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel will be critical to our future success. Competition for highly skilled personnel is frequently intense, especially in the San Francisco Bay Area. We intend to issue stock options as a key component of our overall compensation and employee attraction and retention efforts. In addition, we are required under GAAP to recognize compensation expense in our operating results for employee stock-based compensation under equity grant programs, which may negatively impact our operating results and may increase the pressure to limit share-based compensation. We may not be successful in attracting, assimilating or retaining qualified personnel to fulfill our current or future needs. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

The personalized healthcare market is rapidly evolving and difficult to predict. If the personalized healthcare market does not evolve as we anticipate or if healthcare market participants do not perceive value in our products, our sales will not grow as quickly as anticipated.

We are in a new, rapidly evolving category within the healthcare industry that focuses on using information technology to inform personalized cancer treatment planning. As such, it is difficult to predict important market trends, including how large the personalized healthcare market will be or when and what products customers will adopt. If the market does not evolve in the way we anticipate, if organizations do not recognize the benefit that our products offer, or if we are unable to sell our products to customers, then our revenue may not grow as expected or may decline.

New or existing technologies that are perceived to address personalized cancer treatment planning in different ways could gain wide adoption and supplant our products, thereby weakening our sales and our financial results.

The introduction of products and services embodying new technologies could render our existing products obsolete or less attractive to customers. Other technologies exist or could be developed in the future, and our business could be materially negatively affected if such technologies are widely adopted. We may not be able to successfully anticipate or adapt to changing technology or customer requirements on a timely basis, or at all. If we fail to keep up with technological changes or to convince our customers and potential customers of the value of our products even in light of new technologies, our business, operating results and financial condition could be materially and adversely affected.

We are dependent on a family of products that informs genomic-based medicine.

Our current product offering is limited to a family of products that informs genomic-based medicine using a unique approach of experts and expert systems. We expect to derive a substantial portion of our revenue from this approach and the family of products based on this approach for the foreseeable future. A decline in the price of these products, whether due to competition or otherwise, or our inability to increase sales of these products, would harm our business and operating results. We expect that this concentration of revenue from a single product family comprised of a limited number of products will continue for the foreseeable future. As a result, our future growth and financial performance will depend heavily on our ability to develop and sell enhanced versions of our products. If we fail to deliver product enhancements, new releases or new products that customers want, it will be more difficult for us to succeed.

If we are unable to introduce new products successfully and to make enhancements to existing products, our growth rates would likely decline and our business, operating results and competitive position could suffer.

Our continued success depends on our ability to identify and develop new products and to enhance and improve our existing products, and the acceptance of those products by our existing and target customers. Our growth would likely be adversely affected if:

- we fail to introduce these new products or enhancements;
- we fail to successfully manage the transition to new products from the products they are replacing;
- we do not invest our development efforts in appropriate products or enhancements for markets in which we now compete and expect to compete;
- we fail to predict the demand for new products following their introduction to market; or
- these new products or enhancements do not attain market acceptance.

Any or all of the above problems could materially harm our business and operating results.

If we are unable to increase market awareness of our company and our products, our revenue may not continue to grow, or may decline.

The personalized healthcare market is nascent, and we have not yet established broad market awareness of our products and services. Market awareness of our value proposition and products will be essential to our continued growth and our success, particularly for the advanced stage treatment segment of the personalized cancer treatment market. If our marketing efforts are unsuccessful in creating market awareness of our company and our products, then our business, financial condition and operating results will be adversely affected, and we will not be able to achieve sustained growth.

We compete in highly competitive markets, and competitive pressures from existing and new companies may adversely impact our business and operating results.

The markets in which we compete are highly competitive. We expect competition to intensify in the future as existing competitors bundle new and more competitive offerings with their existing products and services, and as new market entrants introduce new products into our markets. This competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and our failure to increase, or the loss of, market share, any of which would likely seriously harm our business, operating results and financial condition. If we do not keep pace with product and technology advances and otherwise keep our product offerings competitive, there could be a material and adverse effect on our competitive position, revenue and prospects for growth.

We compete either directly or indirectly with other medical database solution companies. Some companies that offer competitive products or services are also potential customers. We do not believe that any of our principal competitors can offer the same scalable interactive expert solutions as CollabRx. The principal competitive factors in our markets include key strategic customer relationships, expert technical personnel and marketplace acceptance of our product, among others.

Many of our current and potential competitors are substantially larger and have greater financial, technical, research and development, sales and marketing, manufacturing, distribution and other resources and greater name recognition. We could also face competition from new market entrants, including our joint-development partners or other current technology partners. In addition, many of our existing and potential competitors enjoy substantial competitive advantages, such as:

- longer operating histories;
- the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products;
- broader distribution and established relationships with partners;
- access to larger customer bases;
- greater customer support;
- greater resources to make acquisitions;
- larger intellectual property portfolios; and
- the ability to bundle competitive offerings with other products and services.

As a result, increased competition could result in loss of existing or new customers, price reductions, reduced operating margins and loss of market share. Our competitors also may be able to provide customers with capabilities or benefits different from or greater than those we can provide in areas such as technical qualifications or geographic presence, or to provide end-user customers a broader range of products, services and prices. In addition, some of our larger potential competitors have substantially broader product offerings and could leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products, including through selling at zero or negative margins, product bundling or closed technology platforms. These larger potential competitors may also have more extensive relationships within existing and potential customers that provide them with an advantage in competing for business with those customers. Our ability to compete will depend upon our ability to provide a better product than our competitors at a competitive price. We may be required to make substantial investments in research, development, marketing and sales in order to respond to competition, and there is no assurance that these investments will achieve any returns for us or that we will be able to compete successfully in the future.

Our limited operating history in the healthcare market makes it difficult for you to evaluate our current business and future prospects, and may increase the risk of your investment.

Until recently, CollabRx designed, manufactured, marketed and serviced specialized plasma etch systems used primarily in the production of micro-electrical mechanical systems devices, such as sensors, accelerometers and power devices. CollabRx's Deep Reactive Ion Etch systems were also employed in certain sophisticated manufacturing techniques, involving 3-D interconnect structures formed by intricate silicon etching. We exited the semiconductor industry through a series of divestitures in 2010 to 2012. In July 2012, we acquired CollabRx and entered the personalized healthcare market. CollabRx was founded in 2008 to use information technology to inform personalized medicine. Our current management has only been working together with our employee base for a short period of time. This limited operating history in the healthcare market makes financial forecasting and evaluation of our business difficult. Furthermore, because we depend in part on the market's acceptance of our products, it is difficult to evaluate trends that may affect our business. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries. If we do not address these risks successfully, our business and operating results would be adversely affected.

We do not sell our products directly to users and rely instead on contractual relationships with key market participants who derive a benefit from offering our products to their users. Our business development cycles can be long and unpredictable, and our business development efforts require considerable time and expense.

We do not sell our products directly to users. Instead, we form strategic relationships with existing market participants who derive a benefit from offering our products to their users. Our business development efforts involve educating our potential business partners about the use and benefits of our products. Such potential business partners are typically large, well-established companies with long evaluation cycles. We spend substantial time and resources on our business development efforts without any assurance that our efforts will produce any sales. In addition, partnerships are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. These factors, among others, could result in long and unpredictable sales cycles. The length of our products' business development cycles typically range from six to twelve months based on our limited experience, but may be longer as we expand our business development efforts to other segments of the healthcare market. As a result of these lengthy business development time-lines and the uncertain benefit that our partners may derive from offering our products, it is difficult for us to predict when our partners may purchase products from us and as a result, our operating results may vary significantly and may be adversely affected.

Our customers are concentrated and therefore the loss of a significant customer may harm our business.

We generate revenues from a small number of customers. In fiscal year 2015, six customers accounted for 78% of our revenues. In fiscal year 2014, five customer accounted for 96% of our revenues. The loss of any of these customers would significantly impact our operating results in future periods.

We are exposed to risks associated with contract termination or delay.

The software products for which we receive revenue are distributed through third-parties under license or contract, with varying terms. Generally, our agreements with third-parties are subject to termination with notice and/or discretionary termination if certain revenue targets are not achieved. In addition, our agreements generally do not contain revenue or performance guarantees, so our achieved revenues may vary from targets because of changes in strategic direction of our customers, contract termination, or from delays in projected launch dates, over which we have no influence or control. The loss or delay of revenues associated with such contracts may harm our business and cause us to suffer further operating losses.

If our security is breached, our business could be disrupted, our operating results could be harmed, and customers could be deterred from using our products and services.

Our business relies on the secure electronic transmission, storage and hosting of information, including published data and proprietary databases. We face the risk of a deliberate or unintentional incident involving unauthorized access to our computer systems that could result in misappropriation or loss of assets or information, data corruption, or other disruption of business operations. Although we have devoted significant resources to protecting and maintaining the confidentiality of our information, including implementing security and privacy programs and controls, training our workforce, and implementing new technology, we have no guarantee that these programs and controls will be adequate to prevent all possible security threats. We believe that any compromise of our electronic systems, including the unauthorized access, use, or disclosure of information or a significant disruption of our computing assets and networks, would adversely affect our reputation and our ability to fulfill contractual obligations, and would require us to devote significant financial and other resources to mitigate such problems, and could increase our future cyber security costs.

Defects or errors in our software could harm our reputation, result in significant cost to us and impair our ability to market our products.

The software applications underlying our hosted products and services are inherently complex and may contain defects or errors, some of which may be material. Errors may result from our own technology or from the interface of our software with legacy systems and data, which we did not develop. The risk of errors is particularly significant when a new product is first introduced or when new versions or enhancements of existing products are released. The likelihood of errors is increased as a result of our commitment to frequent release of new products and enhancements of existing products.

Material defects in our software could result in a reduction in sales and/or delay in market acceptance of our products. In addition, such defects may lead to the loss of existing customers, difficulty in attracting new customers, diversion of development resources or harm to our reputation. Correction of defects or errors could prove to be impossible or impractical. The costs incurred in correcting any defects or errors or in responding to resulting claims or liability may be substantial and could adversely affect our operating results.

If we experience any failure or interruption in the delivery of our services over the Internet, customer satisfaction and our reputation could be harmed and customer contracts may be terminated.

If we experience any failure or interruption in the delivery of our services over the Internet, customer satisfaction and our reputation could be harmed and lead to reduced revenues and increased expenses.

We may expand our business through new acquisitions in the future. Any such acquisitions could disrupt our business, harm our financial condition and dilute current stockholders' ownership interests.

We may pursue potential acquisitions of, and investments in, businesses, technologies or products complementary to our business and periodically engage in discussions regarding such possible acquisitions. Acquisitions involve numerous risks, including some or all of the following:

- difficulties in identifying and acquiring complementary products, technologies or businesses;
- substantial cash expenditures;
- incurrence of debt and contingent liabilities, some of which we may not identify at the time of acquisition;
- difficulties in assimilating the operations and personnel of the acquired companies;
- diversion of management's attention away from other business concerns;
- risks associated with entering markets in which we have limited or no direct experience;
- potential loss of key employees, customers and strategic alliances from either our current business or the target company's business; and
- delays in customer purchases due to uncertainty and the inability to maintain relationships with customers of the acquired businesses.

If we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of such acquisitions, we may incur costs in excess of what we anticipate, and management resources and attention may be diverted from other necessary or valuable activities. An acquisition may not result in short-term or long-term benefits to us. The failure to evaluate and execute acquisitions or investments successfully or otherwise adequately address these risks could materially harm our business and financial results. We may incorrectly judge the value or worth of an acquired company or business. In addition, our future success will depend in part on our ability to manage the growth anticipated with these acquisitions.

Furthermore, the development or expansion of our business or any acquired business or companies may require a substantial capital investment by us. We may not have these necessary funds or they might not be available to us on acceptable terms or at all.

We may be subject to claims that we or our technologies infringe upon the intellectual property or other proprietary rights of a third party. Any such claims may require us to incur significant costs, to enter into royalty or licensing agreements or to develop or license substitute technology.

We cannot assure you that our software solutions and the technologies used in our product offerings do not infringe patents held by others or that they will not in the future. Any future claim of infringement could cause us to incur substantial costs defending against the claim, even if the claim is without merit, and could distract our management from our business. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. Any required licenses may not be available to us on acceptable terms, if at all. If we do not obtain any required licenses, we could encounter delays in product introductions if we attempt to design around the technology at issue or attempt to find another provider of suitable alternative technology to permit us to continue offering the applicable software solution. In addition, we generally provide in our customer agreements that we will indemnify our customers against third-party infringement claims relating to our technology provided to the customer, which could obligate us to fund significant amounts. Infringement claims asserted against us or against our customers or other third parties that we are required or otherwise agree to indemnify may have a material adverse effect on our business, results of operations or financial condition.

We may be unable to adequately enforce or defend our ownership and use of our intellectual property and other proprietary rights.

Our success is heavily dependent upon our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license and access agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. The steps we take to protect these rights may not be adequate to prevent misappropriation of our technology by third parties or may not be adequate under the laws of some foreign countries, which may not protect our intellectual property rights to the same extent as do the laws of the United States.

Our attempts to protect our intellectual property may be challenged by others or invalidated through administrative process or litigation, and agreement terms that address non-competition are difficult to enforce in many jurisdictions and may not be enforceable in any particular case. Moreover, the degree of future protection of our intellectual property and proprietary rights is uncertain for products that are currently in the early stages of development because we cannot predict which of these products will ultimately reach the commercial market or whether the commercial versions of these products will incorporate proprietary technologies. In addition, there remains the possibility that others will "reverse engineer" our products in order to determine their method of operation and introduce competing products or that others will develop competing technology independently.

If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. The failure to adequately protect our intellectual property and other proprietary rights may have a material adverse effect on our business, results of operations or financial condition.

The market for cloud-based and cloud-focused solutions is at a relatively early stage of development, and if it does not develop or develops more slowly than we expect, our business could be harmed.

The market for cloud-based solutions is at an early stage relative to physical appliances and on-premise solutions, and these types of deployments may not achieve or sustain high levels of demand and market acceptance. Many factors may affect the market acceptance of cloud-based and cloud-focused solutions, including:

- perceived security capabilities and reliability;
- perceived concerns about the ability to scale operations for large enterprise customers;
- concerns with entrusting a third party to store and manage critical data; and
- the level of configurability or customizability of the solutions.

If organizations do not establish a presence in the cloud or do not perceive the benefits of our cloud-focused solutions, or if our competitors or new market entrants are able to develop cloud-focused solutions that are or are perceived to be more effective than ours, this portion of our business may not grow further or may develop more slowly than we expect, either of which would adversely affect our business and operating results.

Extensive governmental regulation could require significant compliance costs and have a material adverse effect on the demand for our products.

We do not believe that any of our current or planned products are subject to regulation by the FDA and other regulatory authorities worldwide. However, our business could be adversely affected by any increased regulation of our customers. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching our products or result in a decrease in demand for our products. Modifying our products to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our products obsolete or make new products or product enhancements more costly or time consuming than we currently anticipate. Failure by us or our customers to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our products fail to comply with government regulations or guidelines, we could incur significant liability or be forced to cease offering our applicable products or services.

If any of our products are deemed to be Medical Devices, then complying with medical device regulations on a global scale will be time consuming and expensive, and could subject us to unanticipated and significant delays.

Although the FDA has not determined that any of our products are medical devices that are actively regulated under the Federal Food, Drug and Cosmetic Act and amendments thereto (collectively, the "Act"), the FDA may do so in the future. Other countries have regulations in place related to medical devices that may in the future apply to certain of our products. If any of our products are deemed to be actively regulated medical devices by the FDA or similar regulatory agencies in countries where we do business, we could be subject to extensive requirements governing pre- and post-marketing activities, including pre-market notification clearance. Complying with medical device regulations would be time consuming and expensive, and could result in unanticipated and significant delays in the release of new products or product enhancements. Further, it is possible that these regulatory agencies may become more active in regulating software and medical devices that are used in healthcare. If we are unable to obtain the required regulatory approvals for any such products, our business plans for these products could be delayed or canceled.

The laws governing electronic health data transmissions continue to evolve and are often unclear and difficult to apply. If we or our customers do not maintain the security and privacy of patient records, we may become subject to sanctions by various government entities.

Federal, state, local and foreign laws regulate the confidentiality of patient records and the circumstances under which those records may be released. These regulations govern both the disclosure and use of confidential patient medical record information and require the users of such information to implement specified security and privacy measures. United States regulations currently in place governing electronic health data transmissions continue to evolve and are often unclear and difficult to apply. Laws in non-U.S. jurisdictions may have similar or even stricter requirements related to the treatment of patient information.

In the United States, the Health Insurance Portability and Accountability Act regulations require national standards for some types of electronic health information transactions and the data elements used in those transactions, security standards to ensure the integrity and confidentiality of health information and standards to protect the privacy of individually identifiable health information. Covered entities under HIPAA, which include health care organizations such as our customers, are required to comply with the privacy standards, the transaction regulations and the security regulations. Moreover, the recently enacted Health Information Technology for Economic and Clinical Health provisions of the American Recovery and Reinvestment Act of 2009, and associated regulatory requirements, extend many of the HIPAA obligations, formerly imposed only upon covered entities, to business associates as well, which has created additional liability risks related to the privacy and security of individually identifiable health information.

Evolving HIPAA and HITECH-related laws or regulations in the U.S. and data privacy and security laws or regulations in non-U.S. jurisdictions could restrict the ability of our clients to obtain, use or disseminate patient information. This could adversely affect demand for our products if they are not re-designed in a timely manner in order to meet the requirements of any new interpretations or regulations that seek to protect the privacy and security of patient data or enable our clients to execute new or modified health care transactions. We may need to expend additional capital, software development and other resources to modify our products to address these evolving data security and privacy issues.

If commercial third-party payers or government payers fail to provide coverage or adequate reimbursement for certain genomic tests offered by our customers, or if there is a decrease in the amount of reimbursement for our customers' products or future products they develop, our revenue and prospects for profitability may be harmed.

In both domestic and foreign markets, sales by our customers may depend, in large part, upon the availability of reimbursement from third-party payers. These third-party payers include government healthcare programs such as Medicare, managed care providers, private health insurers, and other organizations. Physicians and patients may not order genomic test services or products from our customers unless commercial third-party payers and government payers pay for all, or a substantial portion, of the list price, and certain commercial third-party payers may not agree to reimburse our customers if CMS does not issue a positive coverage decision. There is currently no national coverage decision that determines whether and how certain genomic tests are covered by Medicare. In the absence of a national coverage decision, local Medicare contractors that administer the Medicare program in various regions have some discretion in determining coverage and therefore payment for such tests. Accordingly, if our customers do not receive full or partial reimbursement for their tests, our revenue and results of operations could be adversely affected.

In addition, there is significant uncertainty surrounding whether the use of products that incorporate new technology, such as Next Generation Sequencing ("NGS")-based tests, for which we provide interpretative analysis, will be eligible for coverage by commercial third-party payers and government payers or, if eligible for coverage, what the reimbursement rates will be for those products. The fact that a diagnostic product has been approved for reimbursement in the past, for any particular indication or in any particular jurisdiction, does not guarantee that such a diagnostic product will remain approved for reimbursement or that similar or additional diagnostic products will be approved in the future. Reimbursement of NGS-based cancer products by commercial third party payers and government payers may depend on a number of factors, including a payor's determination that products enabled by our molecular information platform are:

- not experimental or investigational;
- medically necessary;
- appropriate for the specific patient;
- cost-effective;
- supported by peer-reviewed publications;
- included in clinical practice guidelines; and
- supported by clinical utility studies.

The United States and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare. For example, in some foreign markets, the government controls the pricing of many healthcare products. We expect that there will continue to be federal and state proposals to implement governmental controls or impose healthcare requirements. In addition, the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on product pricing. Cost control initiatives could decrease the price that our customers would receive for any products in the future, which may limit our revenue and profitability.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus and those documents incorporated by reference in the prospectus contain forward-looking statements. Statements contained in this prospectus that refer to the Company's estimated or anticipated future results, including estimated synergies, or other non-historical facts are forward-looking statements that reflect current perspective of existing trends and information as of the date of this prospectus. Forward-looking statements generally will be accompanied by words such as “anticipate,” “believe,” “plan,” “could,” “should,” “estimate,” “expect,” “forecast,” “outlook,” “guidance,” “intend,” “may,” “might,” “will,” “possible,” “potential,” “predict,” “project,” or other similar words, phrases or expressions. Such forward-looking statements include statements about the benefits of the merger, including future financial and operating results, and the Company's plans, objectives, expectations and intentions. It is important to note that the Company's goals and expectations are not predictions of actual performance. Actual results may differ materially from the Company's current expectations depending upon a number of factors affecting Medytox's business, CollabRx's business and risks associated with the merger. These risks and uncertainties include those set forth under “*Risk Factors*” beginning on page 7, as well as, among others, the effects of disruption from the merger making it more difficult to maintain relationships with employees, customers, vendors and other business partners; other business effects, including the effects of industry, economic or political conditions outside of the Company's control; the failure to realize synergies and cost-savings from the merger or delay in realization thereof; the businesses of Medytox and CollabRx may not be integrated successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; operating costs and business disruption following completion of the merger, including adverse effects on employee retention and on the combined company's business relationships with third parties; whether the Company is able to realize the benefits of the merger; the inherent uncertainty associated with financial projections; risks relating to the value of the Company’s shares issued in the merger; the anticipated size of the markets and continued demand for Medytox's and CollabRx's products and services; the impact of competitive products and pricing; and access to available financing on a timely basis and on reasonable terms. We caution you that the foregoing list of important factors that may affect future results is not exhaustive.

When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events and read the Company's filings with the SEC, available at www.sec.gov for a discussion of these and other risks and uncertainties. The Company undertakes no obligation to update or revise any forward-looking statement, except as may be required by law. The Company qualifies all forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $[●] million, or approximately $[●] million if the underwriters exercise their over-allotment option in full, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds received from this offering for working capital and general corporate purposes, including continued development of new diagnostics processes and methodologies and paying for possible acquisitions or expansion of our business.

The expected use of net proceeds of this offering represents our current intentions based upon our present plan and business conditions. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering. The amounts and timing of our actual use of net proceeds will vary depending on numerous factors. As a result, management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds of this offering.

From time to time, we engage in preliminary discussions and negotiations with various businesses in order to explore the possibility of an acquisition or investment. However, as of the date of this prospectus, we have not entered into any agreements or arrangements which would make an acquisition or investment probable under Rule 3-05(a) of Regulation S-X. In addition, as of the date of this prospectus, we have not entered into any agreements or arrangements for capital expenditures that would be paid for from the proceeds of this offering.

PRICE RANGE OF OUR COMMON STOCK

Our common stock has been listed on the NASDAQ Capital Market since November 3, 2015 under the symbol “RNVA.” Prior to that date, our common stock was listed on the NASDAQ Capital Market under the symbol “CLRX.”

On December 21, 2015, the closing price for our common stock as reported on the NASDAQ Capital Market was $1.85 per share. The following table sets forth the ranges of high and low sales prices per share of our common stock as reported on the NASDAQ Capital Market for the periods indicated. Such quotations represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions.

Rennova / CollabRx

	Rennova	
Fiscal year ended March 31, 2014	**High**	**Low**
First Quarter	$ 3.87	$ 3.06
Second Quarter	4.49	3.15
Third Quarter	4.55	3.76
Fourth Quarter	4.02	3.06
Fiscal year ended March 31, 2015	**High**	**Low**
First Quarter	$ 3.33	$ 1.86
Second Quarter	2.05	1.05
Third Quarter	1.08	0.55
Fourth Quarter	2.23	0.61
Fiscal year ending March 31, 2016	**High**	**Low**
First Quarter	$ 1.14	$ 0.69
Second Quarter	0.80	0.48
Third Quarter (through December 21, 2015)(1)	5.37	0.43

(1) The reverse stock split of 1:10 occurred on November 2, 2015, and our common stock commenced trading under the symbol “RNVA” on November 3, 2015.

As of December 21, 2015, there were approximately 132 stockholders of record of our common stock, which excludes stockholders whose shares were held in nominee or street name by brokers.

We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop.

DIVIDEND POLICY

We have never paid or declared any cash dividends on our common stock, and currently do not plan to declare dividends on shares of our common stock in the foreseeable future. We intend to retain all of our available funds and any future earnings, if any, to fund the development and expansion of our business. Subject to the foregoing, any future determination to pay dividends will be at the discretion of our board of directors and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant.

THE COMPLETED MERGER

On November 2, 2015, pursuant to the terms of the Agreement and Plan of Merger, dated as of April 15, 2015, by and among CollabRx, Inc. ("CollabRx"), CollabRx Merger Sub, Inc. ("Merger Sub"), a direct wholly owned subsidiary of CollabRx formed for the purpose of the merger, and Medytox Solutions, Inc. ("Medytox"), Merger Sub merged with and into Medytox, with Medytox as the surviving company and a direct, wholly-owned subsidiary of CollabRx (the "Merger"). Prior to closing, the Company amended its certificate of incorporation to effect a 1-for-10 reverse stock split and to change its name to Rennova Health, Inc. In connection with the Merger, (i) each share of common stock of Medytox was converted into the right to receive 0.4096377408003329 shares of common stock of the Company, (ii) each share of Series B Preferred Stock of Medytox was converted into the right to receive one share of a newly-authorized Series B Convertible Preferred Stock of the Company, and (iii) each share of Series E Convertible Preferred Stock of Medytox was converted into the right to receive one share of a newly-authorized Series E Convertible Preferred Stock of the Company. This transaction will be accounted for as a reverse merger in accordance with Generally Accepted Accounting Principles.

Holders of Company equity prior to the closing of the Merger (including all outstanding Company common stock and all restricted stock units, options and warrants exercisable for shares of Company common stock) hold 10% of the Company's common stock following the closing of the Merger, and holders of Medytox equity prior to the closing of the Merger (including all outstanding Medytox common stock and all outstanding options exercisable for shares of Medytox common stock, but less certain options that were cancelled upon the closing pursuant to agreements between Medytox and such optionees) hold 90% of the Company's common stock following the closing of the Merger, in each case on a fully diluted basis, provided, however, outstanding shares of the newly designated Series B Convertible Preferred Stock and Series E Convertible Preferred Stock, certain outstanding convertible promissory notes exercisable for Company common stock after the closing and certain option grants expected to be made following the closing of the Merger are excluded from such ownership percentages.

On November 3, 2015, the common stock of Rennova Health, Inc. commenced trading on the Nasdaq Capital Market under the symbol "RNVA." Prior to that date, our common stock was listed on the NASDAQ Capital Market under the symbol "CLRX." Immediately after the consummation of the Merger, the Company had 13,765,375 shares of common stock, 5,000 shares of Series B Convertible Preferred Stock and 45,000 shares of Series E Convertible Preferred Stock issued and outstanding.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Basis of Presentation

The Unaudited Pro Forma Condensed Combined Financial Statements reflect the combined financial statements after giving effect to the merger. The Unaudited Pro Forma Condensed Combined Financial Statements do not reflect any adjustments to reflect a purchase price allocation. The Unaudited Pro Forma Condensed Combined Financial Statements should be read in conjunction with CollabRx's historical consolidated financial statements and accompanying notes as of and for the year ended March 31, 2015 and as of and for the six months ended September 30, 2015 and Medytox's historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2014 and as of and for the nine months ended September 30, 2015, all of which are included herein.

The Unaudited Pro Forma Condensed Combined Statements of Operations and Comprehensive Loss give effect to the merger as if it had been consummated on April 1, 2014, the beginning of the earliest period presented. The Unaudited Pro Forma Condensed Combined Balance Sheet assumes the merger had been consummated on the balance sheet date of September 30, 2015. The following unaudited pro forma condensed combined financial information may require additional pro forma adjustments including, but not limited to, acquisition accounting adjustments. Such adjustments may be material to the currently presented pro forma financial information.

The following unaudited pro forma condensed combined financial information includes adjustments to eliminate costs associated with this anticipated transaction; and certain duplicate expenses since both parties are SEC registrants. These pro forma adjustments are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes.

The Unaudited Pro Forma Condensed Combined Financial Statements are provided for informational purposes only. The pro forma information provided is not necessarily indicative of what the combined company's financial position and results of operations would have actually been had the merger been completed on the dates used to prepare these pro forma financial statements. In addition, the Unaudited Pro Forma Condensed Consolidated Financial Statements do not purport to project the future financial position or results of operations of the merged companies.

These Unaudited Pro Forma Condensed Combined Financial Statements do not give effect to any synergies, operating efficiencies or cost savings that may be associated with the transaction. These financial statements also do not include any integration costs the companies may incur related to the merger as part of combining the operations of the companies. Costs for planning for the integration will be incurred prior to the effective time of the merger, and a substantial portion of the remainder of these costs will be incurred over the year following the merger. In general, these costs will be recorded as expenses when incurred and are non-recurring.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
As of September 30, 2015

	Medytox	CollabRx	Pro Forma Adjustments		Pro Forma
ASSETS					
Current assets:					
Cash	$ 300,306	$ 5,003,000	$ 1,405,751	(a)	$ 6,709,057
Accounts receivable, net	22,644,014	40,000	–		22,684,014
Prepaid expenses and other current assets	845,205	108,000	–		953,205
Total current assets	**23,789,525**	**5,151,000**	**1,405,751**		**30,346,276**
Property and equipment, net	**7,679,121**	**97,000**	**–**		**7,776,121**
Other assets:					
Intangible assets, net	4,412,322	398,000	(398,000)	(h)	4,412,322
Goodwill	3,366,520	603,000	(603,000)	(h)	3,366,520
Deposits	219,617	–	–		219,617
Investments in equity	–	859,000	–		859,000
Total assets	**$ 39,467,105**	**$ 7,108,000**	**$ 404,751**		**$ 46,979,856**

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS (CONTINUED)
As of September 30, 2015

	Medytox	CollabRx	Pro Forma Adjustments		Pro Forma
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 4,869,860	$ 289,000	$ –		$ 5,158,860
Accrued expenses	3,849,076	–	(1,066,271)	(b)	2,782,805
Promissory notes payable and interest, current	–	170,000	–		170,000
Income tax liabilities	3,578,381	–	–		3,578,381
Deferred income taxes	9,200	–	–		9,200
Current portion of notes payable	268,061	–	–		268,061
Current portion of notes payable, related party	4,652,165	–	–		4,652,165
Current portion of capital lease obligations	1,297,098	–	–		1,297,098
Derivative liability	190,000	–	–		190,000
Deferred revenue	–	144,000	–		144,000
Total current liabilities	**18,713,841**	**603,000**	**(1,066,271)**		**18,250,570**
Other liabilities:					
Notes payable, net of current portion	3,000,000	167,000	–		3,167,000
Capital lease obligations, net of current portion	2,733,566	–	–		2,733,566
Deferred tax liabilities	305,721	155,000	–		460,721
Other long-term liabilities	–	11,000	–		11,000
Total liabilities	**24,753,128**	**936,000**	**(1,066,271)**		**24,622,857**
Commitments and contingencies					
Stockholders' Equity					
Preferred stock, 100,000,000 shares authorized:					
Series B preferred stock $0.0001 par value, 5,000 shares authorized, issued and outstanding	1	–	(1)		–
Series B preferred stock $0.01 par value, 5,000 shares authorized, issued and outstanding	–	–	50		50
Series D preferred stock $0.0001 par value, 200,000 shares authorized, 50,000 shares issued and outstanding	5	–	(5)		–
Series E preferred stock $0.0001 par value, 100,000 shares authorized, 45,000 shares issued and outstanding	5	–	(5)		–
Series E preferred stock $0.01 par value, 45,000 shares authorized, issued and outstanding	–	–	450		450
Common stock $0.01 par value, 50,000,000 shares authorized, 13,763,279 shares issued and outstanding	3,101	105,000	(94,338)	(g)	13,763
Additional paid-in capital	11,236,796	141,161,000	93,849		152,491,645
Accumulated other comprehensive income		460,000	–		460,000
Retained earnings (accumulated deficit)	3,474,069	(135,554,000)	1,471,022	(c)	(130,608,909)
Total stockholders' equity	**14,713,977**	**6,172,000**	**1,471,022**		**22,356,999**
Total liabilities and stockholders' equity	**$ 39,467,105**	**$ 7,108,000**	**$ 404,751**		**$ 46,979,856**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Six Months Ended September 30, 2015

	Medytox	CollabRx	Pro Forma Adjustments		Pro Forma
Revenues					
Gross charges (net of contractual allowances and discounts)	$ 25,015,866	$ 224,000	$ –		$ 25,239,866
Provision for bad debts	(9,743,297)	–	–		(9,743,297)
Net revenues	**15,272,569**	**224,000**	**–**		**15,496,569**
Operating expenses:					
Direct costs of revenue	4,535,098	52,000	–		4,587,098
General and administrative	15,489,670	1,227,000	(1,405,751)	(d)	15,310,919
Sales and marketing expenses	1,924,330	169,000	–		2,093,330
Bad debt expense	99,754	–	–		99,754
Depreciation and amortization	1,387,512	–	–		1,387,512
Engineering	–	1,070,000	–		1,070,000
Research and development	–	21,000	–		21,000
Total operating expenses	**23,436,364**	**2,539,000**	**(1,405,751)**		**24,569,613**
(Loss) income from operations	**(8,163,795)**	**(2,315,000)**	**1,405,751**		**(9,073,044)**
Other expense:					
Other income (loss)	2	(10,000)	–		(9,998)
Change in derivative liability	190,000	–	–		190,000
Gain on acquisition	–	–	329,786	(h)	329,786
Interest expense	(1,089,820)	–	–		(1,089,820)
Total other expense	**(899,818)**	**(10,000)**	329,786		**(580,032)**
(Loss) income before income taxes	**(9,063,613)**	**(2,325,000)**	**1,735,537**		**(9,653,076)**
(Benefit) provision for income taxes	(3,557,477)	(24,000)	–	(e)	(3,581,477)
Net (loss) income	**(5,506,136)**	**(2,301,000)**	**1,735,537**		**(6,071,599)**
Preferred stock dividends	1,066,271	–	(1,066,271)	(f)	–
Net (loss) income attributable to common shareholders	**(6,572,407)**	**(2,301,000)**	**2,801,808**		**(6,071,599)**
Other comprehensive income	–	460,000	–		460,000
Comprehensive (loss) income	**$ (6,572,407)**	**$ (1,841,000)**	**$ 2,801,808**		**$ (5,611,599)**
Net (loss) income per common share:					
Basic and diluted	$ (0.22)	$ (0.22)			$ (0.42)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Twelve Months Ended March 31, 2015

	Medytox	CollabRx	Pro Forma Adjustments		Pro Forma
Revenues					
Gross charges (net of contractual allowances and discounts)	$ 76,283,907	$ 498,000	$ –		$ 76,781,907
Provision for bad debts	(19,582,844)	–	–		(19,582,844)
Net revenues	**56,701,063**	**498,000**	**–**		**57,199,063**
Operating expenses:					
Direct costs of revenue	16,673,901	72,000	–		16,745,901
General and administrative	21,631,993	2,828,000	(271,743)	(d)	24,188,250
Legal fees related to disputed subsidiary	35,545	–	–		35,545
Sales and marketing expenses	5,360,107	293,000	–		5,653,107
Bad debt expense	78,482	–	–		78,482
Depreciation and amortization	1,915,558	–	–		1,915,558
Engineering	–	2,087,000	–		2,087,000
Research and development	–	85,000	–		85,000
Intangible asset impairment	–	571,000	–		571,000
Total operating expenses	**45,695,586**	**5,936,000**	**(271,743)**		**51,359,843**
(Loss) income from operations	**11,005,477**	**(5,438,000)**	**271,743**		**5,839,220**
Other expense:					
Other income (loss)	389	(27,000)	–		(26,611)
Gain on legal settlement	380,808	–	–		380,808
Gain on acquisition	–	–	329,786	(h)	329,786
Gain on disposition of subsidiary	(1)	–	–		(1)
Interest expense	(922,165)	–	–		(922,165)
Total other expense	**(540,969)**	**(27,000)**	329,786		**(238,183)**
(Loss) income before income taxes	**10,464,508**	**(5,465,000)**	**601,529**		**5,601,037**
(Benefit) provision for income taxes	5,940,700	(301,000)	(3,399,285)	(e)	2,240,415
Net (loss) income	**4,523,808**	**(5,164,000)**	**4,000,814**		**3,360,622**
Preferred stock dividends	4,619,787	–	(4,619,787)	(f)	–
Net (loss) income attributable to common shareholders	**(95,979)**	**(5,164,000)**	**8,620,601**		**3,360,622**
Other comprehensive income	–	–	–		–
Comprehensive (loss) income	**$ (95,979)**	**$ (5,164,000)**	**$ 8,620,601**		**$ 3,360,622**
Net (loss) income per common share:					
Basic and diluted	$ –	$ (1.52)			$ 0.27

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The effective date of the merger is assumed to be September 30, 2015 for purposes of preparing the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2015. The effective date of the merger is assumed to be April 1, 2014 for purposes of preparing the Unaudited Pro Forma Condensed Combined Statements of Operations and Unaudited Pro Forma Condensed Combined Statements of Operations and Comprehensive Loss. These unaudited pro forma condensed combined financial statements may require additional pro forma adjustments including, but not limited to, acquisition accounting adjustments. Such additional pro forma adjustments may be material to the currently presented pro forma financial statements.

Pro Forma Adjustments

(a) Cash

The pro forma adjustment to cash on the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2015 reflects the elimination of cash payments made through that date for transactional expenses and duplicative expenses since both companies are SEC registrants.

(b) Accrued Expenses

The pro forma adjustment to accrued expenses on the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2015 reflects the elimination of preferred stock dividends in the amount of $1,066,271.

(c) Retained Earnings

The pro forma adjustment to retained earnings on the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2015 reflects the net effect of all pro forma adjustments on the Unaudited Pro Forma Condensed Combined Statements of Operations and Comprehensive Loss.

(d) General and Administrative Expenses

The pro forma adjustment to general and administrative expenses for the six months ended September 30, 2015 reflects an adjustment of $1,405,751, which includes the elimination of $1,103,865 of transactional expenses and $301,885 of duplicative expenses since both companies are SEC registrants.

The pro forma adjustment to general and administrative expenses for the twelve months ended March 31, 2015 reflects an adjustment of $271,743, which includes the elimination of $122,758 of transactional expenses and $148,985 of duplicative expenses since both companies are SEC registrants.

(e) Provision for Income Taxes

No pro forma adjustments to the provision for income taxes for the six months ended September 30, 2015 have been reflected since the Unaudited Pro Forma Condensed Combined Statements of Operations and Comprehensive Loss for the period reflects a loss before taxes.

The pro forma adjustment to the provision for income taxes for the twelve months ended March 31, 2015 reflect an adjustment of $(3,399,285) to adjust the combined company's anticipated 40% effective tax rate.

(f) Preferred Stock Dividends

The pro forma adjustments to preferred stock dividends for the six months ended September 30, 2015 and the twelve months ended March 31, 2015 reflect the elimination of the dividend to the holders of Medytox's Series B Preferred Stock.

(g) Common Stock and Additional Paid-In Capital

The pro forma adjustments for common stock and additional paid-in capital reflect the change to the number of issued and outstanding common shares at September 30, 2015.

(h) Goodwill, Intangible Assets and Gain on Acquisition

The pro forma adjustments for goodwill, intangible assets and gain on acquisition reflect the preliminary allocation of purchase price from the Merger.

CAPITALIZATION

This section is presented on a pro forma basis as of September 30, 2015 to reflect the Merger, effective November 2, 2015. You should read this section together with the sections titled "Use of Proceeds" and "Unaudited Pro Forma Condensed Combined Financial Information and Data," which appear elsewhere in this prospectus.

The following table sets forth our capitalization as of September 30, 2015:

- on an actual basis; and
- on an as adjusted basis to give effect to (i) the issuance and sale of [ ] Class A Units and [ ] Class B Units (without giving effect to the exercise of any Warrants) at the public offering price of $[ ] per Class A Unit and $[ ] per Class B Unit, after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Company.

	As of September 30, 2015	
	ProForma (Unaudited)	As Adjusted (1) (Unaudited)
Preferred stock, 100,000,000 shares authorized:		
Series B preferred stock $0.0001 par value, 5,000 shares authorized, issued and outstanding	$ –	$
Series B preferred stock $0.01 par value, 5,000 shares authorized, issued and outstanding	50	
Series C preferred stock $0.01 par value, [●] shares authorized, issued and outstanding	–	
Series D preferred stock $0.0001 par value, 200,000 shares authorized, 50,000 shares issued and outstanding	–	
Series E preferred stock $0.0001 par value, 100,000 shares authorized, 45,000 shares issued and outstanding	–	
Series E preferred stock $0.01 par value, 45,000 shares authorized, issued and outstanding	450	
Common stock $0.01 par value, 50,000,000 shares authorized, 13,763,279 shares issued and outstanding	13,763	
Additional paid-in capital	152,491,645	
Accumulated other comprehensive income	460,000	
Retained earnings (accumulated deficit)	(130,608,909)	
Total stockholders' equity	22,356,999	$
Total capitalization	$ 22,356,999	

(1) Does not include the shares of common stock that may be issued under the Warrants to be issued in this offering.

The number of shares of our common stock to be outstanding after this offering is based on 13,763,275 shares of our common stock outstanding on a proforma basis as of September 30, 2015 and excludes as of such date:

- 5,733,945 shares of our common stock issuable upon the conversion of outstanding Series B Convertible Preferred Stock;
- 194,595 shares of our common stock issuable upon the conversion of outstanding Series E Convertible Preferred Stock, based on the closing price of $1.85 per share on December 21, 2015 (provided, that, such number of shares is subject to adjustment as provided in the Certificate of Designation for the Series E Convertible Preferred Stock);
- 2,022,404 shares of our common stock issuable upon the conversion of outstanding convertible debt;
- 1,822,675 shares of our common stock issuable upon the exercise of outstanding stock options, with a weighted average exercise price of $6.74 per share;
- 446,947 shares of our common stock issuable upon the exercise of outstanding warrants, with a weighted average exercise price of $9.40 per share;
- shares issuable upon exercise of warrants sold in this offering;
- any shares of our common stock issuable upon exercise of the underwriters' over-allotment option; and
- other shares of our common stock reserved for future issuance under the CollabRx 2007 Incentive Award Plan, as amended, and the Medytox Solutions, Inc. 2013 Incentive Compensation Plan.

DILUTION

This section is presented on a pro forma basis as of September 30, 2015 to reflect the Merger, effective November 2, 2015. You should read this section together with the section titled "Unaudited Pro Forma Condensed Combined Financial Information and Data," which appears elsewhere in this prospectus.

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the public offering price per share of our common stock in this offering and the as adjusted net tangible book value per share immediately after this offering assuming no value is attributed to the warrants. We calculate net tangible book value per share by dividing our net tangible book value, which is tangible assets less total liabilities less debt discounts, by the number of outstanding shares of our common stock as of September 30, 2015. Our historical net tangible book value on a proforma basis as of September 30, 2015, was approximately $14.6 million, or $1.09 per share of our common stock.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the public offering price per share paid by new investors. The pro forma as adjusted net tangible book value per share is calculated assuming conversion of the Series C Preferred into [●] shares of common stock. The following table illustrates this dilution:

The following table illustrates the per share dilution (unaudited):

Assumed public offering price per share (attributing no value to the Warrants)			$	[●]
Historical net tangible book value per share as of September 30, 2015	$	[●]		
Increase per share attributable to new investors	$	[●]		
As adjusted net tangible book value per share after this offering				[●]
Dilution in net tangible book value per share to new investors			$	[●]

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value will increase to $[●] per share, representing an immediate dilution of $[●] per share to new investors.

The foregoing excludes the shares of common stock that may be issued under the Warrants to be issued in this offering and assumes conversion of the Series C Preferred issued as part of the Class B Units sold in this offering.

The number of shares of our common stock to be outstanding after this offering is based on 13,763,275 shares of our common stock outstanding on a proforma basis as of September 30, 2015 and excludes as of such date:

- 5,733,945 shares of our common stock issuable upon the conversion of outstanding Series B Convertible Preferred Stock;
- 194,595 shares of our common stock issuable upon the conversion of outstanding Series E Convertible Preferred Stock, based on the closing price of $1.85 per share on December 21, 2015 (provided, that, such number of shares is subject to adjustment as provided in the Certificate of Designation for the Series E Convertible Preferred Stock);
- 2,022,404 shares of our common stock issuable upon the conversion of outstanding convertible debt;
- 1,822,675 shares of our common stock issuable upon the exercise of outstanding stock options, with a weighted average exercise price of $6.74 per share;
- 446,947 shares of our common stock issuable upon the exercise of outstanding warrants, with a weighted average exercise price of $9.40 per share;
- shares issuable upon exercise of warrants sold in this offering;
- any shares of our common stock issuable upon exercise of the underwriters' over-allotment option; and
- other shares of our common stock reserved for future issuance under the CollabRx 2007 Incentive Award Plan, as amended, and the Medytox Solutions, Inc. 2013 Incentive Compensation Plan.

To the extent that the underwriters' over-allotment option is exercised or any warrants or options are exercised, there will be further dilution to investors.

INFORMATION WITH RESPECT TO MEDYTOX'S BUSINESS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes incorporated by reference in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. See "Cautionary Note Regarding Forward-Looking Statements and Industry Data."

All references to "we," "us," the "Company" or "Medytox" in this section refer to Medytox Solutions, Inc.

Our Services

Medytox Solutions, Inc. ("Medytox" or the "Company") is a holding company that owns and operates businesses in the medical services sector. Medytox is a new generation healthcare enterprise that delivers a single source for integrated solutions. Medytox applies its innovative approach through an outstanding suite of IT & software solutions, revenue cycle management and financial services, combined with a range of diagnostic testing and other ancillary services for the healthcare sector.

Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology testing to physicians, clinics and rehabilitation facilities in the United States. Testing services to rehabilitation facilities represented over 90% of the Company's revenues for the years ended December 31, 2014 and December 31, 2013.

Medytox, utilizing its proprietary lab ordering and reporting software, offers a complete, turn-key UDT program allowing physicians to proactively monitor and treat patients. Medytox UDT program is utilized by physicians to identify and evaluate prescribed and/or non-prescribed drugs that when combined may cause adverse drug interactions dangerous to a patient's health. With our UDT program, physicians can be more assured their patients are adhering to their therapeutic drug regimens and are in compliance with their prescribed guidelines. Our UDT program helps the health care provider achieve better outcomes for patients and in evaluating to what extent the prescribed medications and their dosages are working for the patient to achieve a better outcome towards recovery.

As a provider of clinical laboratory services, we continue to pursue our strategy of acquiring or entering into binding relationships with high-complexity laboratories that can facilitate our customers' needs. We have successfully completed substantial expansion of our New Mexico and Florida based laboratories and have completed several acquisitions or strategic partnerships with laboratories located in different regions of the United States, allowing us to correspondingly increase our client base. These laboratories, and those we shall continue to seek out, offer or can be developed to offer the most advanced analytical technology for the processing of urine specimens including IA for screens and GCMS/LCMS for confirmations. All Medytox laboratories are fully-staffed professional COLA-accredited high complexity laboratories with additional certifications such as the COLA Laboratory of Excellence Award (COLA's Highest Commendation), CLIA and the State of Florida's AHCA Clinical Laboratory License for Non-Waived High Complexity testing and we anticipate that any facilities acquired in the future will meet these stringent requirements. Our in-house billing company services all of our facilities, utilizing electronic processing of claims to the major insurance payers and eliminating the need to rely on and pay for the services of clearing houses, allowing us to maximize profit retention.

The Company is actively expanding the services it offers its clients to include not just specialized diagnostic testing in its laboratories but medical billing services, EHR and LIS products and IT and software solutions incorporating integration of numerous electronic communication platforms in the sector in an effort to provide a single source solution to medical providers.

Company History

Medytox was organized July 20, 2005 under the laws of the State of Nevada. In the first half of 2011, Company management decided to reorganize as a holding company to acquire and manage a number of companies in the medical services sector.

On June 22, 2011, the Company organized Medytox Medical Management Solutions Corp. ("MMMS"), a Florida corporation, as a wholly-owned subsidiary. On October 26, 2013, MMMS changed its name to Medytox Information Technology, Inc. ("MIT"). MIT provides information technology and software solutions to our subsidiaries and outside medical service providers. MIT operates from the corporate offices in West Palm Beach, Florida.

On July 26, 2011, the Company organized Medytox Institute of Laboratory Medicine, Inc. ("MILM"), a Florida corporation, as a wholly-owned subsidiary. MILM was organized to acquire and manage medical testing laboratories. MILM operates from the corporate offices in West Palm Beach, Florida.

On August 22, 2011, the Company acquired 100% of the equity interests in Medical Billing Choices, Inc. ("MBC"), a privately-held North Carolina corporation. The company operates a medical billing service for a variety of medical providers throughout the southeastern United States from offices in Charlotte, North Carolina. MBC is the main billing company for Medytox-owned laboratories and allows Medytox to offer medical billing services to its customers.

On February 16, 2012, Medytox Diagnostics, Inc., a wholly-owned subsidiary of the Company ("MDI"), entered into a Membership Interest Purchase Agreement for the purchase of 50.5% of the outstanding membership interests in Collectaway, LLC, a clinical laboratory located in Palm Beach County, Florida. The name of Collectaway, LLC was changed to PB Laboratories, LLC.

On March 9, 2012, the Company formed Medytox Medical Marketing & Sales, Inc. ("MMM&S"), a Florida corporation, as a wholly-owned subsidiary that provides marketing for clinical laboratories that are owned by the Company. MMM&S operates from the corporate offices in West Palm Beach, Florida.

On April 30, 2012, the Company entered into a Senior Secured Revolving Credit Facility Agreement with TCA Global Credit Master Fund, LP. Borrowings under this agreement and subsequent amendments reached $3,025,000. The borrowings under this facility were paid in full on September 8, 2014.

On September 10, 2012, the Company entered into an agreement to purchase all of the assets and intellectual property rights to the software known as "Medytox Advantage" that it did not already own from Dash Software, LLC.

On October 12, 2012, the Company, through its wholly-owned subsidiary MDI, completed an agreement to acquire the remaining 49.5% ownership in PB Laboratories, LLC that it did not already own. The Company now owns 100% of this laboratory. Operations were merged into EPIC Reference Labs, Inc. in February 2015.

On December 7, 2012, the Company, through its wholly-owned subsidiary MDI, entered into an agreement to acquire 50.5% ownership in Biohealth Medical Laboratory, Inc., a Miami-based clinical laboratory. The agreement provided that MDI would retain all earnings of the lab. The Company immediately initiated an investment program to increase the clinical lab testing capacity of blood and urine specimens at Biohealth Medical Laboratory, Inc. The Company acquired the remaining 49.5% on March 31, 2015. MDI now owns 100% of this laboratory.

On January 1, 2013, MDI purchased 100% of the stock of Alethea Laboratories, Inc. ("Alethea"). Althea operates a licensed clinical lab in Las Cruces, New Mexico and is an enrolled Medicare provider.

On January 25, 2013, MDI entered into a ten year, automatically renewable, License Agreement with Dry Spot Diagnostics AG ("Dry Spot"), a German based laboratory for the right to use a proprietary specialty in-vitro diagnostic test system for plasma, urine and other biological fluids in its U.S. based laboratories. Medytox will pay to Dry Spot a royalty equal to 10% of the collected revenue generated from providing the Licensed Laboratory diagnostic tests to Medytox customers. Dry Spot must receive a minimum of $100,000 in 2014 and $200,000 each in 2015 and 2016.

On January 29, 2013, the Company formed Advantage Reference Labs, Inc. (“Advantage”), a Florida corporation, as a wholly-owned subsidiary to provide reference, confirmation and clinical testing services. On October 14, 2013, Advantage changed its name to EPIC Reference Labs, Inc. (“EPIC”).

On April 4, 2013, MDI purchased 100% of the membership interests of International Technologies, LLC (“International”). International operates a licensed clinical laboratory in Waldwick, New Jersey and is a licensed Medicare provider.

On July 2, 2013, the Company announced that a jury awarded MILM $2,906,844 on its breach of contract claim against Trident Laboratories, Inc. and its shareholders and awarded Seamus Lagan, currently the Company's Chief Executive Officer and a director, $750,000 individually against Christopher Hawley for defamatory postings on the internet. The jury rejected all claims made against the MILM parties.

On March 18, 2014, MDI, pursuant to a stock purchase agreement, purchased all of the outstanding stock of Clinlab, Inc. (“Clinlab”) from James A. Wilson and Daniel Stewart, previously the sole owners of Clinlab. Clinlab develops and markets laboratory information management systems.

On May 9, 2014, the Company formed Medical Mime, Inc. (“Mime”), a Florida corporation, as a wholly-owned subsidiary. On May 23, 2014, Mime purchased certain net assets, primarily consisting of software, of GlobalOne Information Technologies, LLC (“GlobalOne”). GlobalOne developed software and provided services for the Electronic Records Management (“ERM”) segment of the medical industry.

On August 26, 2014, MDI purchased all of the outstanding stock of Epinex Diagnostics Laboratories, Inc. (“Epinex”), a California corporation. Epinex is a clinical laboratory in Tustin, California.

On December 6, 2014, the Company and CollabRx, Inc. (“CollabRx”) entered into a non-binding letter of intent for a potential business combination between the companies (the “Letter of Intent”). CollabRx develops and markets medical information and clinical decision support products and services intended to set a standard for the clinical interpretation of genomics-based, precision medicine in cancer.

Pursuant to the Letter of Intent, the Company agreed to advance certain funding to CollabRx in contemplation of the business combination. On January 16, 2015, the Company entered into a Loan and Security Agreement (“Loan Agreement”) with CollabRx, pursuant to which the Company agreed that it would loan up to $2,395,644 to CollabRx and an Agreement with CollabRx, pursuant to which CollabRx agreed that in the event it enters into a merger or other sale transaction involving at least thirty-five percent (35.0%) of its shares or assets with a party other than the Company CollabRx would pay the Company a $1,000,000 fee.

On February 19, 2015, Medytox and CollabRx entered into an amendment to the Loan Agreement. The amendment sets forth CollabRx's agreement not to request any further advances from Medytox pursuant to the Loan Agreement until after it has spent at least the greater of (i) $1,500,000 of the proceeds of a recent offering by CollabRx of shares of its common stock and warrants or (ii) 60% of the net proceeds of the offering.

On December 31, 2014, the Company borrowed $3,000,000 from D&D Funding II, LLC, an entity owned in part by a director of the Company.

On February 3, 2015, the Company borrowed $3,000,000 from Alcimede LLC, of which the CEO of the Company is the sole manager. The note has an interest rate of 6% and is due on February 2, 2016. On June 29, 2015, Alcimede exercised options granted in October 2012 to purchase one million shares of the Company's common stock at an exercise price of $2.50 per share. The loan outstanding was reduced in satisfaction of the aggregate exercise price of $2,500,000.

Business Strategy

The Company seeks to become a leading provider of laboratory and related services and solutions to medical providers. To date, we have specialized in providing urine and blood drug toxicology and comprehensive pain medication monitoring programs to physicians, clinics and rehabilitation facilities in the United States. We intend to grow through the acquisition and/or formation of additional laboratory testing facilities and related businesses in the United States. The Company operates in two segments: 1) clinical laboratory operations and 2) medical support solutions. See Note 15, "Segment Reporting," of the Consolidated Financial Statements for information about our segments.

Clinical Laboratory Operations

The Company has five clinical laboratories, which are wholly-owned by our subsidiary, Medytox Diagnostics, Inc. ("MDI"), as follows:

Laboratory	Location
Biohealth Medical Laboratory, Inc.	Miami, FL
Alethea Laboratories, Inc.	Las Cruces, NM
International Technologies, LLC	Waldwick, NJ
EPIC Reference Labs, Inc.	Riviera Beach, FL
Epinex Diagnostics Laboratories, Inc.	Tustin, CA

Biohealth Medical Laboratory, Inc. ("Biohealth"): MDI acquired 50.5% ownership of this clinical laboratory specializing in testing blood specimens for alcohol and drugs on December 7, 2012 and the remaining 49.5% on March 31, 2015. The initial agreement allowed MDI to retain all revenues. The Company has acquired and provided additional equipment in order to allow Biohealth to test urine for drugs and medication monitoring. The lab is fully-accredited and licensed. Operations began in the fourth quarter of 2012.

Alethea Laboratories, Inc. ("Alethea"): MDI acquired 100% ownership of Alethea on January 1, 2013. Althea operates a licensed clinical lab in Las Cruces, New Mexico and is an enrolled Medicare provider. The Company secured new and larger premises for Alethea and relocated the operations of Alethea into these new premises in the first quarter of 2014 increasing the area being utilized from approximately 3,000 square feet to over 7,500 square feet. The Company has in the first quarter of 2015 secured an additional 2,500 square feet taking the total area used to approximately 10,000 square feet. The Company is acquiring and providing additional equipment in order to allow Alethea to test urine for drugs and medication monitoring. Operations at Alethea began in the first quarter of 2014.

International Technologies, LLC ("Intl Tech"): MDI acquired 100% ownership of Intl Tech on April 4, 2013. Intl Tech operates a licensed clinical lab in Waldwick, New Jersey and is an enrolled Medicare provider. The Company is acquiring and providing additional equipment in order to allow Intl Tech to test urine for drugs and medication monitoring. Operations at Intl Tech began in the first quarter of 2014.

EPIC Reference Labs, Inc. ("EPIC"): MDI formed EPIC as a wholly-owned subsidiary on January 29, 2013 to provide reference, confirmation and clinical testing services. The Company acquired necessary equipment and licenses in order to allow EPIC to test urine for drugs and medication monitoring. Operations at EPIC began in January 2014 using approximately 2,500 square feet and the premises has since been expanded to occupy approximately 12,500 square feet of a purpose built facility.

Epinex Diagnostics Laboratories, Inc. ("Epinex"): MDI acquired 100% ownership of Epinex on August 26, 2014. Epinex is a clinical laboratory in Tustin, California. The Company has renovated the existing area to include approximately 5,000 square feet of space and has provided additional lab equipment to allow Epinex to test urine for drugs and medication monitoring. Epinex began operations in February 2015.

Medical Support Solutions

The Company has six subsidiaries that provide medical support services primarily to its clinical laboratories and corporate operations and to a lesser, extent third party customers.

Medytox Medical Marketing & Sales, Inc. ("MMM&S"): MMM&S was formed on March 9, 2013 as a wholly-owned subsidiary to provide marketing, sales, and customer service exclusively for our clinical laboratories.

Medical Billing Choices, Inc. ("MBC"): MBC was acquired by the Company on August 22, 2011. MBC is our in-house billing company which compiles and sends invoices to our customers (primarily insurance companies, Medicaid, Medicare, and Preferred Provider Organizations ("PPOs")), for reimbursement. MBC also provides such billing services for select outside third-party companies. For the years ended December 31, 2014 and 2013, 93% and 94% of MBC's revenues were from our clinical laboratory subsidiaries, respectively.

Health Technology Solutions, Inc. ("HTS"): HTS (formerly Medytox Information Technologies, Inc.) is a wholly-owned subsidiary that provides information technology and software solutions to our subsidiaries and outside medical service providers.

Clinlab, Inc. ("Clinlab"): Clinlab was acquired by the Company on March 18, 2014. Clinlab develops and markets laboratory information management systems. Clinlab has installed its LIS into the Company's laboratories to create a uniform LIS platform throughout the Company's labs.

Medical Mime, Inc. ("Mime"): Mime was formed on May 9, 2014 as a wholly-owned subsidiary that specializes in EHR.

Platinum Financial Solutions, Ltd ("PFS"): PFS has been formed as a 100% owned foreign subsidiary of the Company to pursue the opportunity of providing financial solutions, including factoring and accounts receivable acquisition in the healthcare sector. PFS has a Florida subsidiary, Platinum Financial Solutions, LLC, through which it may do business with U.S. based customers.

Marketing Strategy

Medytox is a holding company that owns and operates businesses in the medical services sector. Medytox seeks to deliver a single source for integrated solutions. Medytox has invested in a strong sales team, a client services team and proprietary technologies to better serve the needs of a modern-day medical provider.

The Company intends to grow from the acquisition and formation of businesses into the expansion of these businesses to provide an extensive range of services to medical providers for improved patient care.

We intend to acquire or enter into agreements with laboratories that offer or can be developed to offer the most advanced analytical technology for the processing of urine specimens including IA for screens and GCMS/LCMS for confirmations. We currently anticipate that the laboratories will be fully-staffed professional COLA-accredited high-complexity laboratories with additional certifications such as the COLA Laboratory of Excellence Award (COLA's Highest Commendation), CLIA and the State of Florida High-Complexity ACHA License.

Competition

The Company competes in an industry that is fragmented between independently-owned and physician-owned laboratories. There are several larger players in the industry that operate as full-service clinical laboratories (processing blood, urine and other tissue). The competition ranges from smaller privately-owned laboratories (3-6 employees) to publicly-traded laboratories with multibillion dollar market capitalizations, such as Quest Diagnostics, Inc. which is traded on The New York Stock Exchange (DGX).

Governmental Regulation

General

The clinical laboratory industry is subject to significant governmental regulation at the federal, state and local levels. As described below, these regulations concern licensure and operation of clinical laboratories, claim submission and payment for laboratory services, health care fraud and abuse, security and confidentiality of health information, quality, and environmental and occupational safety.

Regulation of Clinical Laboratories

CLIA extends federal oversight to virtually all clinical laboratories by requiring that they be certified by the federal government or by a federally-approved accreditation agency. CLIA requires that all clinical laboratories meet quality assurance, quality control and personnel standards. Laboratories also must undergo proficiency testing and are subject to inspections.

Standards for testing under CLIA are based on the complexity of the tests performed by the laboratory, with tests classified as "high complexity," "moderate complexity," or "waived." Laboratories performing high complexity testing are required to meet more stringent requirements than moderate complexity laboratories. Laboratories performing only waived tests, which are tests determined by the FDA to have a low potential for error and requiring little oversight, may apply for a certificate of waiver exempting them from most of the requirements of CLIA. All Company facilities hold CLIA certificates to perform high complexity testing. The sanctions for failure to comply with CLIA requirements include suspension, revocation or limitation of a laboratory's CLIA certificate, which is necessary to conduct business, cancellation or suspension of the laboratory's approval to receive Medicare and/or Medicaid reimbursement, as well as significant fines and/or criminal penalties. The loss or suspension of a CLIA certification, imposition of a fine or other penalties, or future changes in the CLIA law or regulations (or interpretation of the law or regulations) could have a material adverse effect on the Company.

The Company is also subject to state and local laboratory regulation. CLIA provides that a state may adopt laboratory regulations different from or more stringent than those under federal law, and a number of states have implemented their own laboratory regulatory requirements. State laws may require that laboratory personnel meet certain qualifications, specify certain quality controls, or require maintenance of certain records.

The Company believes that it is in compliance with all applicable laboratory requirements. The Company's laboratories have continuing programs to ensure that their operations meet all such regulatory requirements, but no assurances can be given that the Company's laboratories will pass all future licensure or certification inspections.

There are many regulatory and legislative proposals that would increase general FDA oversight of clinical laboratories and laboratory-developed tests. The outcome and ultimate impact of such proposals on the business is difficult to predict at this time. Our point of collection testing devices are regulated by the FDA. The FDA has authority to take various administrative and legal actions for non-compliance, such as fines, product suspension, warning letters, injunctions and other civil and criminal sanctions.

Payment for Clinical Laboratory Services

In each of 2014 and 2013, the Company derived approximately 1% of its net sales directly from the Medicare and Medicaid programs. In addition, the Company's other business depends significantly on continued participation in these programs and in other government healthcare programs, in part because clients often want a single laboratory to perform all of their testing services. In recent years, both governmental and private sector payers have made efforts to contain or reduce health care costs, including reducing reimbursement for clinical laboratory services.

Reimbursement under the Medicare program for clinical diagnostic laboratory services is subject to a clinical laboratory fee schedule that sets the maximum amount payable in each Medicare carrier's jurisdiction. This clinical laboratory fee schedule is updated annually. Laboratories bill the program directly for covered tests performed on behalf of Medicare beneficiaries. State Medicaid programs are prohibited from paying more than the Medicare fee schedule limit for clinical laboratory services furnished to Medicaid recipients.

Payment under the Medicare fee schedule has been limited from year to year by Congressional action, including imposition of national limitation amounts and freezes on the otherwise applicable annual Consumer Price Index ("CPI") updates. For most diagnostic lab tests, the national limitation is now 74.0% of the national median of all local fee schedules established for each test. Under a provision of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 ("BIPA"), for tests performed after January 1, 2001 that the Secretary of Health and Human Services determines are new tests for which no limitation amount has previously been established, the cap is set at 100% of the median.

Medicare, Medicaid and other government program payment reductions will not have a direct adverse effect on the Company's net earnings and cash flows, due to insignificant revenue earned.

Congressional action in 1997 required the Department of Health and Human Services ("HHS") to adopt uniform coverage, administration and payment policies for many of the most commonly performed lab tests using a negotiated rulemaking process. The negotiated rulemaking committee established uniform policies limiting Medicare coverage for certain tests to patients with specified medical conditions or diagnoses, replacing local Medicare coverage policies which varied around the country. The final rules generally became effective in 2002, and the use of uniform policies improves the Company's ability to obtain necessary billing information in some cases, but Medicare, Medicaid and private payer diagnosis code requirements continue to negatively impact the Company's ability to be paid for some of the tests it performs. Due to the range of payers and policies, the extent of this impact continues to be difficult to quantify.

Future changes in federal, state and local laws and regulations (or in the interpretation of current regulations) affecting government payment for clinical laboratory testing could have a material adverse effect on the Company. In March 2010, comprehensive healthcare legislation, the Patient Protection and Affordable Care Act ("ACA"), was enacted. Many of the most significant changes from the implementation of the ACA have not yet taken effect, and its details will be shaped by regulatory efforts that have not been proposed, or have not been finalized. Based on currently available information, the Company is unable to predict what type of changes in legislation or regulations, if any, will occur.

Standard Electronic Transactions, Security and Confidentiality of Health Information

The HIPAA was designed to address issues related to the security and confidentiality of health insurance information. In an effort to improve the efficiency and effectiveness of the health care system by facilitating the electronic exchange of information in certain financial and administrative transactions, HIPAA regulations were promulgated. These regulations apply to health plans, health care providers that conduct standard transactions electronically and health care clearinghouses ("covered entities"). Five such regulations have been finalized: (i) the Transactions and Code Sets Rule; (ii) the Privacy Rule; (iii) the Security Rule; (iv) the Standard Unique Employer Identifier Rule, which requires the use of a unique employer identifier in connection with certain electronic transactions; and (v) the National Provider Identifier Rule, which requires the use of a unique health care provider identifier in connection with certain electronic transactions.

The Privacy Rule regulates the use and disclosure of protected health information ("PHI") by covered entities. It also sets forth certain rights that an individual has with respect to his or her PHI maintained by a covered entity, such as the right to access or amend certain records containing PHI or to request restrictions on the use or disclosure of PHI. The Privacy Rule requires covered entities to contractually bind third parties, known as business associates, in the event that they perform an activity or service for or on behalf of the covered entity that involves access to PHI. The Security Rule establishes requirements for safeguarding patient information that is electronically transmitted or electronically stored. The Company believes that it is in compliance in all material respects with the requirements of the HIPAA Privacy and Security Rules.

The Federal HITECH, which was enacted in February 2009, strengthens and expands the HIPAA Privacy and Security Rules and their restrictions on use and disclosure of PHI. HITECH includes, but is not limited to, prohibitions on exchanging patient identifiable health information for remuneration, and additional restrictions on the use of PHI for marketing. HITECH also fundamentally changes a business associate's obligations by imposing a number of Privacy Rule requirements and a majority of Security Rule provisions directly on business associates that were previously only directly applicable to covered entities. Moreover, HITECH requires covered entities to provide notice to individuals, HHS, and, as applicable, the media when unsecured protected health information is breached, as that term is defined by HITECH. Business associates are similarly required to notify covered entities of a breach.

The omnibus HIPAA regulation implementing most of the HITECH provisions was issued in January 2013 and made significant changes to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules. Compliance with most of the changes became required on September 23, 2013. The Company's policies and procedures are fully compliant with the HITECH Act requirements.

On February 6, 2014, the CMS published final regulations that amend the HIPAA Privacy Rule to provide individuals (or their personal representatives) with the right to receive copies of their test reports from laboratories subject to HIPAA, or to request that copies of their test reports be transmitted to designated third parties with a compliance date of October 4, 2014. Previously, laboratories that were CLIA-certified or CLIA-exempt were not subject to the provision in the Privacy Rule that provides individuals with the right of access to PHI. The HIPAA Privacy Rule amendment resulted in the preemption of a number of state laws that prohibit a laboratory from releasing a test report directly to the individual. The Company revised its policies and procedures to comply with these new access requirements and made changes to its privacy notice to reflect individuals' new access rights under this final rule.

The standard unique employer identifier regulations require that employers have standard national numbers that identify them on standard transactions. The Employer Identification Number, also known as a Federal Tax Identification Number, issued by the Internal Revenue Service, was selected as the identifier for employers and was adopted effective July 30, 2002. The Company believes it is in compliance with these requirements.

The administrative simplification provisions of HIPAA mandate the adoption of standard unique identifiers for health care providers. The intent of these provisions is to improve the efficiency and effectiveness of the electronic transmission of health information. The National Provider Identification rule requires that all HIPAA-covered health care providers, whether they are individuals or organizations, must obtain a National Provider Identifier (“NPI”) to identify themselves in standard HIPAA transactions. NPI replaces the unique provider identification number - as well as other provider numbers previously assigned by payers and other entities - for the purpose of identifying providers in standard electronic transactions. The Company believes that it is in compliance with the HIPAA National Provider Identification Rule in all material respects.

The total cost associated with the requirements of HIPAA and HITECH is not expected to be material to the Company's operations or cash flows. However, future regulations and interpretations of HIPAA and HITECH could impose significant costs on the Company.

In addition to the federal HIPAA regulations described above, there are a number of state laws regarding the confidentiality of medical information, some of which apply to clinical laboratories. These laws vary widely, but they most commonly restrict the use and disclosure of medical and financial information. In some cases, state laws are more restrictive than and therefore not preempted by HIPAA. Penalties for violation of these laws may include sanctions against a laboratory's licensure, as well as civil and/or criminal penalties. Violations of the HIPAA provisions could result in civil and/or criminal penalties, including significant fines and up to 10 years in prison. HITECH also significantly strengthened HIPAA enforcement. It increased the civil penalty amounts that may be imposed, required HHS to conduct periodic audits to confirm compliance and also authorized state attorneys general to bring civil actions seeking either injunctions or damages in response to violations of the HIPAA privacy and security regulations that affect the privacy of state residents. Additionally, numerous other countries have or are developing similar laws governing the collection, use, disclosure and transmission of personal or patient information.

The Company believes that it is in compliance in all material respects with the current Transactions and Code Sets Rule. The Company implemented Version 5010 of the HIPAA Transaction Standards and is within the testing and implementation phase of the rule to adopt the ICD-10-CM code set. The compliance date for ICD-10-CM is October 1, 2015. The costs associated with the ICD-10-CM Code Set were substantial, and failure of the Company, third party payers or physicians to transition within the required timeframe could have an adverse impact on reimbursement, day's sales outstanding and cash collections. As a result of inconsistent application of transaction standards by payers or the Company's inability to obtain certain billing information not usually provided to the Company by physicians, the Company could face increased costs and complexity, a temporary disruption in receipts and ongoing reductions in reimbursements and net revenues.

The Company believes it is in compliance in all material respects with the Operating Rules for electronic funds transfers and remittance advice transactions, for which the compliance date was January 1, 2014.

Fraud and Abuse Laws and Regulations

Existing federal laws governing federal health care programs, including Medicare and Medicaid, as well as similar state laws, impose a variety of broadly described fraud and abuse prohibitions on health care providers, including clinical laboratories. These laws are interpreted liberally and enforced aggressively by multiple government agencies, including the U.S. Department of Justice, HHS' Office of Inspector General ("OIG"), and various state agencies. Historically, the clinical laboratory industry has been the focus of major governmental enforcement initiatives. The federal government's enforcement efforts have been increasing over the past decade, in part as a result of the enactment of HIPAA, which included several provisions related to fraud and abuse enforcement, including the establishment of a program to coordinate and fund federal, state and local law enforcement efforts. The Deficit Reduction Act of 2005 also included new requirements directed at Medicaid fraud, including increased spending on enforcement and financial incentives for states to adopt false claims act provisions similar to the federal False Claims Act. Recent amendments to the False Claims Act, as well as other enhancements to the federal fraud and abuse laws enacted as part of the ACA, are widely expected to further increase fraud and abuse enforcement efforts. For example, the ACA established an obligation to report and refund overpayments from Medicare within 60 days of identification; failure to comply with this new requirement can give rise to additional liability under the False Claims Act and Civil Monetary Penalties statute. On February 16, 2012, CMS issued a proposed rule to establish regulations addressing the reporting and returning of overpayments. The rule has not been finalized.

The federal health care programs' anti-kickback law (the "Anti-Kickback Law") prohibits knowingly providing anything of value in return for, or to induce, the referral of Medicare, Medicaid or other federal health care program business. Violations can result in imprisonment, fines, penalties, and/or exclusion from participation in federal health care programs. The OIG has published "safe harbor" regulations which specify certain arrangements that are protected from prosecution under the Anti-Kickback Law if all conditions of the relevant safe harbor are met. Failure to fit within a safe harbor does not necessarily constitute a violation of the Anti-Kickback Law; rather, the arrangement would be subject to scrutiny by regulators and prosecutors and would be evaluated on a case by case basis. Many states have their own Medicaid anti-kickback laws and several states also have anti-kickback laws that apply to all payers (i.e., not just government health care programs).

From time to time, the OIG issues alerts and other guidance on certain practices in the health care industry that implicate the Anti-Kickback Law or other federal fraud and abuse laws. Examples of such guidance documents particularly relevant to the Company and its operations follow.

In October 1994, the OIG issued a Special Fraud Alert on arrangements for the provision of clinical laboratory services. The Fraud Alert set forth a number of practices allegedly engaged in by some clinical laboratories and health care providers that raise issues under the federal fraud and abuse laws, including the Anti-Kickback Law. These practices include: (i) providing employees to furnish valuable services for physicians (other than collecting patient specimens for testing) that are typically the responsibility of the physicians' staff; (ii) offering certain laboratory services at prices below fair market value in return for referrals of other tests which are billed to Medicare at higher rates; (iii) providing free testing to physicians' managed care patients in situations where the referring physicians benefit from such reduced laboratory utilization; (iv) providing free pick-up and disposal of bio-hazardous waste for physicians for items unrelated to a laboratory's testing services; (v) providing general-use facsimile machines or computers to physicians that are not exclusively used in connection with the laboratory services; and (vi) providing free testing for health care providers, their families and their employees (i.e., so-called "professional courtesy" testing). The OIG emphasized in the Special Fraud Alert that when one purpose of such arrangements is to induce referrals of program-reimbursed laboratory testing, both the clinical laboratory and the health care provider (e.g., physician) may be liable under the Anti-Kickback Law, and may be subject to criminal prosecution and exclusion from participation in the Medicare and Medicaid programs. More recently, in June 2014, the OIG issued another Special Fraud Alert addressing compensation paid by laboratories to referring physicians for blood specimen process and for submitting patient data to registries. This Special Fraud Alert reiterates the OIG's longstanding concerns about payments from laboratories to physicians in excess of the fair value of the physician's services and payments that reflect the volume or value of referrals of federal healthcare program business.

Another issue the OIG has expressed concern about involves the provision of discounts on laboratory services billed to customers in return for the referral of federal health care program business. In a 1999 Advisory Opinion, the OIG concluded that a proposed arrangement whereby a laboratory would offer physicians' significant discounts on non-federal health care program laboratory tests might violate the Anti-Kickback Law. The OIG reasoned that the laboratory could be viewed as providing such discounts to the physician in exchange for referrals by the physician of business to be billed by the laboratory to Medicare at non-discounted rates. The OIG indicated that the arrangement would not qualify for protection under the discount safe harbor to the Anti-Kickback Law because Medicare and Medicaid would not get the benefit of the discount. Similarly, in a 1999 correspondence, the OIG stated that if any direct or indirect link exists between a discounts that a laboratory offers to a skilled nursing facility ("SNF") for tests covered under Medicare's payments to the SNF and the referral of tests billable by the laboratory under Medicare Part B, then the Anti-Kickback Law would be implicated.

The OIG also has issued guidance regarding joint venture arrangements that may be viewed as suspect under the Anti-Kickback Law. These documents have relevance to clinical laboratories that are part of (or are considering establishing) joint ventures with potential sources of federal health care program business. The first guidance document, which focused on investor referrals to such ventures, was issued in 1989 and another concerning contractual joint ventures was issued in April 2003. Some of the elements of joint ventures that the OIG identified as "suspect" include: arrangements in which the capital invested by the physicians is disproportionately small and the return on investment is disproportionately large when compared to a typical investment; specific selection of investors who are in a position to make referrals to the venture; and arrangements in which one of the parties to the joint venture expands into a line of business that is dependent on referrals from the other party (sometimes called "shell" joint ventures). In a 2004 advisory opinion, the OIG expressed concern about a proposed joint venture in which a laboratory company would assist physician groups in establishing off-site pathology laboratories. The OIG indicated that the physicians' financial and business risk in the venture was minimal and that the physicians would contract out substantially all laboratory operations, committing very little in the way of financial, capital, or human resources. The OIG was unable to exclude the possibility that the arrangement was designed to permit the laboratory to pay the physician groups for their referrals, and therefore was unwilling to find that the arrangement fell within a safe harbor or had sufficient safeguards to protect against fraud or abuse.

Violations of other fraud and abuse laws also can result in exclusion from participation in federal health care programs, including Medicare and Medicaid. One basis for such exclusion is an individual's or entity's submission of claims to Medicare or Medicaid that are substantially in excess of that individual's or entity's usual charges for like items or services. In 2003, the OIG issued a notice of proposed rulemaking that would have defined the terms "usual charges" and "substantially in excess" in ways that might have required providers, including the Company, to either lower their charges to Medicare and Medicaid or increase charges to certain other payers to avoid the risk of exclusion. On June 18, 2007, however, the OIG withdrew the proposed rule, saying it preferred to continue evaluating billing patterns on a case-by-case basis. In its withdrawal notice, the OIG also said it "remains concerned about disparities in the amounts charged to Medicare and Medicaid when compared to private payers," that it continues to believe its exclusion authority for excess charges "provides useful backstop protection for the public," and that it will continue to use "all tools available … to address instances where Medicare or Medicaid are charged substantially more than other payers." The enforcement by Medicaid officials of similar state law restrictions also could have a material adverse effect on the Company.

Under another federal statute, known as the "Stark Law" or "self-referral" prohibition, physicians who have a financial or compensation relationship with a clinical laboratory may not, unless an exception applies, refer Medicare patients for testing to the laboratory, regardless of the intent of the parties. Similarly, laboratories may not bill Medicare or any other party for services furnished pursuant to a prohibited self-referral. There are several Stark law exceptions that are relevant to arrangements involving clinical laboratories, including: 1) fair market value compensation for the provision of items or services; 2) payments by physicians to a laboratory for clinical laboratory services; 3) an exception for certain ancillary services (including laboratory services) provided within the referring physician's own office, if certain criteria are satisfied; 4) physician investment in a company whose stock is traded on a public exchange and has stockholder equity exceeding $75.0 million; and 5) certain space and equipment rental arrangements that are set at a fair market value rate and satisfy other requirements. All of the requirements of a Stark Law exception must be met to take advantage of the exception. Many states have their own self-referral laws as well, which in some cases apply to all patient referrals, not just Medicare.

There are a variety of other types of federal and state fraud and abuse laws, including laws prohibiting submission of false or fraudulent claims. The Company seeks to conduct its business in compliance with all federal and state fraud and abuse laws. The Company is unable to predict how these laws will be applied in the future, and no assurances can be given that its arrangements will not be subject to scrutiny under such laws. Sanctions for violations of these laws may include exclusion from participation in Medicare, Medicaid and other federal health care programs, significant criminal and civil fines and penalties, and loss of licensure. Any exclusion from participation in a federal health care program, or any loss of licensure, arising from any action by any federal or state regulatory or enforcement authority, would likely have a material adverse effect on the Company's business. In addition, any significant criminal or civil penalty resulting from such proceedings could have a material adverse effect on the Company's business.

Environmental, Health and Safety

The Company is subject to licensing and regulation under federal, state and local laws and regulations relating to the protection of the environment and human health and safety and laws and regulations relating to the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials. All Company laboratories are subject to applicable federal and state laws and regulations relating to biohazard disposal of all laboratory specimens and the Company generally utilizes outside vendors for disposal of such specimens. In addition, the federal OSHA has established extensive requirements relating to workplace safety for health care employers, including clinical laboratories, whose workers may be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. These regulations, among other things, require work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations and other measures designed to minimize exposure to, and transmission of, blood-borne pathogens.

On November 6, 2000, Congress passed the Needle Stick Safety and Prevention Act, which required, among other things, that companies include in their safety programs the evaluation and use of engineering controls such as safety needles if found to be effective at reducing the risk of needle stick injuries in the workplace. The Company has implemented the use of safety needles at all of its service locations, where applicable.

Although the Company is not aware of any current material non-compliance with such federal, state and local laws and regulations, failure to comply could subject the Company to denial of the right to conduct business, fines, criminal penalties and/or other enforcement actions.

Drug Testing

Drug testing for public sector employees is regulated by the Substance Abuse and Mental Health Services Administration (“SAMHSA”) (formerly the National Institute on Drug Abuse), which has established detailed performance and quality standards that laboratories must meet to be approved to perform drug testing on employees of federal government contractors and certain other entities. To the extent that the Company's laboratories perform such testing, each must be certified as meeting SAMHSA standards.

Controlled Substances

The use of controlled substances in testing for drugs of abuse is regulated by the Federal Drug Enforcement Administration.

Compliance Program

The Company continuously evaluates and monitors its compliance with all Medicare, Medicaid and other rules and regulations. The objective of the Company's compliance program is to develop, implement, and update compliance safeguards as necessary. Emphasis is placed on developing compliance policies and guidelines, personnel training programs and various monitoring and audit procedures to attempt to achieve implementation of all applicable rules and regulations.

The Company seeks to conduct its business in compliance with all statutes, regulations, and other requirements applicable to its clinical laboratory operations. The clinical laboratory testing industry is, however, subject to extensive regulation, and many of these statutes and regulations have not been interpreted by the courts. There can be no assurance that applicable statutes and regulations will not be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect the Company. Potential sanctions for violation of these statutes and regulations include significant fines and the loss of various licenses, certificates, and authorizations, which could have a material adverse effect on the Company's business.

Employees

We employed 189 full-time employees as of September 30, 2015, including 43 sales and customer service personnel, 42 billing and collection employees, 65 laboratory staff, 23 information technology personnel and 16 members of corporate administrative staff.

Legal Proceedings

During the course of business, litigation commonly occurs. From time to time, the Company may be a party to litigation matters involving claims against the Company. The Company operates in a highly regulated industry and employs personnel which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Company's financial position or results of operations. We do not believe that there are any proceedings threatened or pending against us, which if determined adversely, would have a material effect on our financial position or results of operations or cash flows.

MEDYTOX'S MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references to "we," "us," the "Company" or "Medytox" in this section refer to Medytox Solutions, Inc.

Results of Operations

Year ended December 31, 2014 compared to the year ended December 31, 2013

Net Revenues

The Company's net revenues for the year ended December 31, 2014 were $57,927,820 as compared to the prior year amount of $41,888,871, an increase of 38.3%. Laboratory services revenues were $57,180,208 for the year ended December 31, 2014; an increase of 36.8% over the year ended December 31, 2013. While volumes for the year ended December 31, 2014 reflected an increase of 61.6% over the prior year, net revenues grew at a slower rate for various reasons including changes in the mix of tests being done and an overall decrease in the percentage of reimbursement being realized on tests completed. The net revenue growth in laboratory services was driven by Biohealth which had an increase in net revenues of $8,528,961 (71.7%) due to volume increases. Epic and Alethea also contributed to the increase in net revenues for the year ended December 31, 2014, reporting increases of $7,995,416 and $7,709,422, respectively. Both of these labs began operations in 2014. These increases were offset, in part by a decrease in net revenues for the year ended December 31, 2014 at PB Labs of $11,036,393 (36.9%). This decline at PB Labs was the result of the Company's efforts to move volumes from PB to Epic during 2014 in anticipation of closing the PB Lab facility in early 2015.

In the nine months ended September 30, 2015, the Company evaluated receivables generated during 2014 and recorded an adjustment to their net recovery rates (see below).

Operating and Other Expenses

Operating expenses for the year ended December 31, 2014 were $42,272,826 as compared to $27,388,881, an increase of $14,883,945 or 54.3%. Acquisitions completed in 2014 accounted for $1,917,208 of the increase in operating expenses as compared to 2013. Without these added expenses, the growth in operating expenses in 2014 as compared to 2013 would have been 47.3%. Direct costs of revenue was the largest component of this increase, reflecting an increase over the prior year of $6,349,518 or 66.3%. In addition to the added costs resulting from the increased volumes, the 2014 expenses include startup expenses associated with the launch of the Company's new Epic facility and the Epinex lab acquired in August of 2014. General and administrative expenses for the year ended December 31, 2014 reflect an increase over the prior year of $6,232,139 or 46.2%. In addition to the expense increases to support the Company's growing lab operations, general and administrative expenses reflect the Company's efforts to grow in the Medical Solutions Services segment. Specific initiatives in this area include added personnel and infrastructure in the information technology, electronic medical records and medical billing functions of the organization. The 2014 acquisitions of Clinlab and Mime were critical elements of these initiatives and added $1,051,972 to the general and administrative expenses for the year. Sales and marketing expenses for the year ended December 31, 2014 increased 68.2% to $4,967,188. The increase is driven largely by commissions expense due to the growth in lab services revenues. Other actions taken by the Company have also contributed to this increase including expansion of the field sales force, increased marketing activities and efforts to expand into the neurotransmitter testing market. Depreciation and amortization expenses for the year ended December 31, 2014 were $1,500,453 as compared to $407,971 for the prior year. This increase is primarily the result of depreciation expense from the significant capital investments in laboratory equipment and amortization of the software acquired, primarily at Clinlab.

I ncome from operations for the year ended December 31, 2014 was $15,654,994, an increase over 2013 of $1,155,004 or 8.0%. Other expenses were $273,362 for the year ended December 31, 2014 as compared to $671,473 in the prior year. This change was driven by gains in dispositions of subsidiaries of $134,184 and legal settlements of $105,780 offset in part by increased interest expense of $39,166.

The Company's effective tax rate for the year ended December 31, 2014 was 49.2% as compared to 40.3% in 2013. This increase is largely the result of differences in the timing of certain deductions for tax purposes.

Net income attributable to Medytox Solutions' common stockholders for the year ended December 31, 2014 was $2,810,032 compared to $5,658,619 for the year ended December 31, 2013. The growth in operating income was more than offset by increases in income taxes and preferred stock dividends, resulting in the decline in net income attributable to common stockholders.

Disputed Subsidiary

The dispute with Trident Laboratories, Inc. occurred in 2012. The assets and liabilities of Trident are excluded from the individual consolidated balance sheet line items and are presented separately as assets and liabilities from disputed activity at December 31, 2013. The operating activity for 2013 and the first quarter of 2014 is excluded from the consolidated statement of operations. Effective March 31, 2014, the Company's management believed that the net assets of Trident are not recoverable and, as such, the Company has accounted for the disputed assets and liabilities as if they have been disposed, resulting in a gain on the disposition of $134,185. Trident was dissolved by the state on September 26, 2014.

For the three months ended September 30, 2015 compared to the three months ended September 30, 2014

Net Revenues

Net revenues were $5,890,917 for the three months ended September 30, 2015 compared to $18,215,967 for the three months ended September 30, 2014, a decline of $12,325,050 or 67.7%. The decline in revenues relates to (1) the decline in our anticipated recovery rate from 28% of gross billings for the three months ended September 30, 2014 to 20% of gross billings for the three months ended September 30, 2015 which resulted in a negative impact to revenues of approximately $11,303,000; and (2) a 6.9% decline in insured test volume for the three months ended September 30, 2015 versus the three months ended September 30, 2014 which resulted in a negative impact to revenues of approximately $898,000. The decline in our anticipated recovery rate is a continuation of trend from prior periods.

Operating Expenses and Other Income

Direct costs of revenue declined from $4,136,520 for the three months ended September 30, 2014 to $1,866,741 for the three months ended September 30, 2015, a decrease of $2,269,779 or 54.9%. This decline in direct costs relates to (1) a 38.8% decline in cost per test that resulted in a decline in direct costs of approximately $1,184,000 and (2) a 26.2% decline in total test volume that resulted in a decline in direct costs of approximately $1,085,000. The decline in cost per test resulted primarily from our initiative to move our confirmation testing from outsourced providers to in-house.

General and administrative expenses increased from $5,898,715 for the three months ended September 30, 2014 to $6,093,627 for the three months ended September 30, 2015, an increase of $194,912 or 3.3%. The increase relates primarily to increased costs in IT due to continued development of the Company's software offerings and additional administrative and finance personnel related to the growth and diversification of the Company's lines of business.

Sales and marketing expenses declined from $1,472,298 for the three months ended September 30, 2014 to $784,763 for the three months ended September 30, 2015, a decline of $687,535 or 46.7%. The decline relates primarily to decreases in commissions paid to our salesforce as a result of lower collections in the three months ended September 30, 2015 versus the same period of 2014.

Other expenses were $357,378 for the three months ended September 30, 2015 as compared to $118,451 for the same period of 2014 due primarily to increased interest expense.

For the three months ended September 30, 2015, the Company recorded income tax benefits totaling $2,678,777, an effective tax rate of 68.2%. This compares to $2,454,205 of income tax expense for the three months ended September 30, 2015, an effective tax rate of 39.7%. The change in effective tax rates relates primarily to management's decision to recognize income tax benefits related to pre-tax losses generated during the three months ended September 30, 2015.

For the three months ended September 30, 2015, the Company reported a net loss attributable to Medytox Solutions' common stockholders of $1,519,613 compared to net income attributable to Medytox Solutions' common stockholders of $2,239,607 for the same period in 2014.

For the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014

Net Revenues

Net revenues were $28,921,351 for the nine months ended September 30, 2015 compared to $49,045,205 for the nine months ended September 30, 2014, a decline of $20,123,854 or 41.0%. The decline in revenues relates to (1) the decline in our anticipated recovery rate from 28% of gross billings for the nine months ended September 30, 2014 to 20% of gross billings for the nine months ended September 30, 2015 which resulted in a negative impact to revenues of approximately $27,311,000; and (2) a 32.1% increase in insured test volume for the nine months ended September 30, 2015 versus the nine months ended September 30, 2014 which resulted in a positive impact to revenues of approximately $7,187,000. The decline in our anticipated recovery rate is a continuation of trend from prior periods.

Operating and Other Expenses

Direct costs of revenue declined from $11,601,402 for the nine months ended September 30, 2014 to $8,566,372 for the nine months ended September 30, 2015, a decrease of $3,035,030 or 26.2%. This decline in direct costs relates to (1) a 23.1% decline in cost per test that resulted in a decline in direct costs of approximately $2,680,000 and (2) a 4.0% decline in total test volume that resulted in a decline in direct costs of approximately $355,000. The decline in cost per test resulted primarily from our initiative to move our confirmation testing from outsourced providers to in-house.

General and administrative expenses increased from $14,075,030 for the nine months ended September 30, 2014 to $21,129,603 for the nine months ended September 30, 2015, an increase of $7,054,573 or 50.1%. The increase relates primarily to non-cash stock compensation costs of $3,379,605 for the nine months ended September 30, 2015 versus $557,250 for the nine months ended September 30, 2015, as well as approximately $2,500,000 of increased costs in IT due to continued development of the Company's software offerings, approximately $900,000 of increased merger and acquisition related costs, and additional administrative and finance personnel related to the growth and diversification of the Company's lines of business.

Sales and marketing expenses declined from $3,507,582 for the nine months ended September 30, 2014 to $3,106,551 for the nine months ended September 30, 2015, a decline of $401,031 or 11.4%. The decline relates primarily to decreases in commissions paid to our salesforce as a result of lower collections in the nine months ended September 30, 2015 versus the same period of 2014.

Other expenses were $1,129,870 for the nine months ended September 30, 2015 as compared to $181,709 for the same period of 2014 due primarily to increased interest expense.

For the nine months ended September 30, 2015, the Company recorded income tax benefits totaling $2,579,977, an effective tax rate of 36.4%. This compares to $7,250,305 of income tax expense for the nine months ended September 30, 2015, an effective tax rate of 38.6%.

For the nine months ended September 30, 2015, the Company reported a net loss attributable to Medytox Solutions' common stockholders of $6,088,448 compared to net income attributable to Medytox Solutions' common stockholders of $7,718,514 for the same period in 2014.

Liquidity and Capital Resources

Overview

The Company historically has utilized various credit facilities to fund working capital needs, acquisitions and capital expenditures. Future cash needs for working capital, acquisitions and capital expenditures may require management to seek additional equity or obtain additional credit facilities. The sale of additional equity could result in additional dilution to the Company's stockholders. A portion of the Company's cash may be used to acquire or invest in complementary businesses or products or to obtain the right to use complementary technologies. From time to time, in the ordinary course of business, the Company evaluates potential acquisitions of such businesses, products or technologies.

For the years ended December 31, 2014 and 2013, we funded our operations primarily through cash provided by operations and borrowings from third parties. Our principal use of funds during the year ended December 31, 2014 has been for payments on borrowings, acquisitions, additions to property and equipment, dividends to Preferred B shareholders, income tax obligations from prior years and general corporate expenses.

For the nine months ended September 30, 2015, we funded our operations primarily through cash provided by operations and borrowings from related and unrelated parties. Our principal use of funds during the nine months ended September 30, 2015 has been for operating activities, additions to property and equipment, and dividends to Series B Preferred shareholders. For the nine months ended September 30, 2014, we funded our operations primarily through cash provided by operations. Our principal use of funds for the nine months ended September 30, 2014 was for acquisitions, dividends on Series B Preferred Stock, purchases of property and equipment and payments of notes payable and capital lease obligations. Management believes that based on the current level of operations, cash flow from operations and financing activities, the Company will have sufficient liquidity to fund anticipated expenses, tax obligations and other commitments for the next twelve months.

Liquidity and Capital Resources during the year ended December 31, 2014 compared to the year ended December 31, 2013

As of December 31, 2014, we had cash of $2,406,246 and working capital of $2,180,708. The Company generated cash flow from operations of $8,254,275 for the year ended December 31, 2014 compared to cash provided by operations of $8,462,481 for the year ended December 31, 2013. The cash flow from operating activities for the year ended December 31, 2014 was primarily attributable to the Company's net income from operations of $7,820,332 , increased by depreciation and amortization of $1,500,453, stock issued for services and in lieu of cash compensation of $342,494, increase in allowance for bad debts of $8,661,355 offset by gains on legal settlements of $105,780 and disposition of a subsidiary of $134,185 and net changes in operating assets and liabilities of $10,175,763 . Cash provided by operations for the year ended December 31, 2013 was primarily attributable to the Company's net income from operations of $8,259,917, increased by depreciation and amortization of $407,971, stock issued for services of $62,500, stock-based compensation of $452,500, increase in allowance for bad debts of $12,219,399, accretion of loan costs as interest of $181,141 and net changes in operating assets and liabilities of $3,390,286.

Cash used in investing activities for the year ended December 31, 2014 included $2,491,567 for the purchase of property and equipment and cash paid for acquisitions of $1,600,000, offset by cash received in acquisitions of $68,3487. Cash used in investing activities for the year ended December 31, 2014 was attributable primarily to the purchase of property and equipment of $1,097,766 and cash paid for acquisitions of $735,052.

Cash used in financing activities for the year ended December 31, 2014 included dividends on Series B Preferred Stock of $5,010,300, payments on notes payable of $3,498,800, payments on capital lease obligations of 457,126, offset by proceeds received from the issuance of notes payable of $3,000,000 to a related party. Cash used in financing activities for the year ended December 31, 2013 included primarily payment of dividends to Series B Preferred Stock holders of $2,601,298, payments on notes payable of $2,700,193, payments on related party loans of $195,000, and payments on capital lease obligations of $139,577 offset in part by proceeds from the issuance of notes payable of $1,300,000 and proceeds from the issuance of common stock of $286,000.

On May 14, 2012, the Company borrowed $550,000 from TCA Global Credit Master Fund, LP (the “Lender”) pursuant to the terms of the Senior Secured Revolving Credit Facility Agreement, dated as of April 30, 2012 (the “Credit Agreement”), among Medytox, MMM&S, MDI, PB Labs and the Lender. The funds were used for general corporate purposes. Under the Credit Agreement, Medytox could borrow up to an amount equal to the lesser of 80% of its Eligible Accounts (as defined in the Credit Agreement) and the revolving loan commitment, which initially was $550,000.

Medytox could request that the revolving loan commitment be raised by various specified amounts at specified times, up to a maximum of $4,000,000. In each case, whether to agree to any such increase in the revolving loan commitment was in the Lender's sole discretion.

On August 9, 2012, the Company borrowed an additional $525,000 in a second round of funding. These additional funds were also used for general corporate purposes. In this second round of funding, certain changes were made to the terms of the Credit Agreement:

- the revolving loan commitment was increased from $550,000 to $1,100,000 and was subject to further increase, up to a maximum of $4,000,000, in the Lender's sole discretion;
- the maturity date of the loan was extended to February 8, 2013 from the original maturity date of November 30, 2012 (subject to the Lender's continuing ability to call the loan upon 60 days written notice); and
- A prepayment penalty was added of 5% if substantially all of the loan is prepaid between 91 and 180 days prior to the maturity date, or 2.50% if substantially all of the loan is prepaid within 90 days of the maturity date.

On December 4, 2012, the Company borrowed an additional $650,000 in a third round of funding. These additional funds were used for general corporate purposes. In this third round of funding, certain additional changes were made to the terms of the Credit Agreement:

- the revolving loan commitment was increased from $1,100,000 to $1,725,000 and was subject to further increase, up to a maximum of $15,000,000, in the Lender's sole discretion;
- the maturity date of the loan was extended to September 3, 2013 from the previous maturity date of February 8, 2013 (subject to the Lender's continuing ability to call the loan upon 60 days written notice); and
- A covenant was added to require that any subsidiary that is formed, acquired or otherwise becomes a subsidiary must guarantee the loan and pledge substantially all of its assets as security for the loan.

On March 4, 2013, Medytox borrowed an additional $800,000 from the Lender pursuant to the terms of Amendment No. 3 to Senior Secured Revolving Credit Facility Agreement, dated as of February 28, 2013 (“Amendment No. 3”). These additional funds were used in accordance with management's discretion. In connection with Amendment No. 3, Advantage Reference Labs, Inc., a newly-formed wholly-owned subsidiary of Medytox, now known as EPIC Reference Labs, Inc., entered into a Guaranty Agreement to guaranty the TCA loan and a Security Agreement to pledge substantially all its assets to secure its guaranty.

On July 15, 2013, the Company borrowed an additional $500,000 from the Lender pursuant to the terms of Amendment No. 4 to Senior Secured Revolving Credit Facility Agreement, dated as of September 30, 2013 (“Amendment No. 4”). In connection with Amendment No. 4, Alethea Laboratories, Inc. and International Technologies, LLC, wholly-owned subsidiaries of the Company, each entered into a Guaranty Agreement to guaranty the TCA loan and a Security Agreement to pledge substantially all its assets to secure its guaranty. The maturity date of the loan was extended to January 15, 2014 from the previous maturity date of September 3, 2013 (subject to the Lender's continuing ability to call the loan upon 60 days written notice). On August 12, 2013, the Company made a payment of $550,000 on the note. The maturity date of the loan was further extended to September 15, 2014.

The borrowings under this facility were paid in full on September 8, 2014.

On December 31, 2014, the Company borrowed $3,000,000 from D&D Funding II, LLC, an entity owned in part by a director of the Company. On February 27, 2015, the Company borrowed $30,000 from Alcimede LLC, of which our CEO is the sole manager. The loan was repaid on April 15, 2015. On February 3, 2015, the Company borrowed $3,000,000 from Alcimede LLC. The note has an interest rate of 6% and is due on February 2, 2016. On June 29, 2015, Alcimede exercised options granted in October 2012 to purchase one million shares of the Company's common stock at an exercise price of $2.50 per share. The loan outstanding was reduced in satisfaction of the aggregate exercise price of $2,500,000.

Liquidity and Capital Resources during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014

As of September 30, 2015, we had cash and working capital of $300,306 and $5,075,684, respectively. The Company's operations consumed cash in the amount of $5,877,843 for the nine months ended September 30, 2015 as compared to cash provided by operations of $7,940,427 for the nine months ended September 30, 2014. The net loss from operations for the nine months ended September 30, 2015 of $4,499,127 was the primary driver of this cash usage. Non-cash charges and changes in net operating assets and liabilities in the amount of $1,378,716 contributed to the net usage of cash to account for the cash consumed in the nine months ended September 30, 2015. The net income from operations of $11,534,233 for the nine months ended September 30, 2014, adjusted by non-cash charges and changes in net operating assets aggregating $(3,593,806) generated cash from operations of $7,940,427.

The Company's income tax liabilities were $3,578,381 and $8,087,946 as of September 30, 2015 and December 31, 2014, respectively. Of the $3,578,381 income tax liabilities as of September 30, 2015, $5,573,190 relates to 2014 partially offset by NOL carrybacks expected to be generated in 2015. On August 26, 2015, the Internal Revenue Service filed a lien against the Company relating to the 2013 federal tax liability (the “Lien”). On September 16, 2015, the Company paid the amount subject to such Lien.

Cash used in investing activities was $359,690 and $2,986,308 for the nine months ended September 30, 2015 and 2014, respectively. In the nine months ended September 30, 2015, the Company purchased property and equipment for $359,690. Cash used in investing activities for the nine months ended September 30, 2014 included $1,417,979 for the purchase of property and equipment and cash paid for acquisitions of $1,600,000, offset by cash received in acquisitions of $31,671.

Cash from financing activities was $4,131,593 for the nine months ended September 30, 2015 as a result of proceeds from the issuance of notes payable of $6,530,000 offset in part by dividends on Series B Preferred Stock of $1,589,321 and payments of capital lease of $751,586 and notes payable obligations of $57,500. Cash used in financing activities for the nine months ended September 30, 2014 was $7,331,807 and included $3,815,719 of dividends on Series B Preferred Stock, payments on notes payable of $3,234,939, and payments on capital lease obligations of $281,149.

Under terms of the Senior Secured Revolving Credit Facility agreement with TCA Global Credit Master Fund, LP, originally signed May 12, 2012 and as subsequently amended, the Company executed an Amended and Restated Revolving Promissory Note, due January 15, 2014, in the amount of $3,025,000. The note was extended by the lender from January 15, 2014 to September 15, 2014. The borrowings under this facility were repaid in full on September 8, 2014.

Effective September 11, 2015, the Company entered into a Securities Purchase Agreement with the Lender (the “Securities Agreement”). Pursuant to the Securities Agreement, the Lender may purchase from the Company up to $6 million of senior secured convertible, redeemable debentures. On September 11, 2015, the Lender purchased a $3 million debenture (the “Debenture”). The remaining $3 million of debentures may be purchased by the Lender in additional closings through September 11, 2017.

The Debenture has a maturity date of September 11, 2017 (the "Maturity Date") and bears interest at a rate of sixteen percent (16%) per annum. Pursuant to the Debenture, for the first 12 months, the Company will make monthly payments of interest and for the second 12 months, the Company will make monthly payments of principal and interest to the Lender until the Maturity Date. The Company may redeem the Debenture in full and for cash at any time prior to the Maturity Date. Upon an event of default (as defined in the Debenture) that is not timely cured within an applicable cure period, the interest on the Debenture will immediately accrue at an interest rate equal to the lesser of (i) twenty-two percent (22%) per annum or (ii) the maximum interest rate allowable by law, and the Lender may, in its sole discretion, accelerate full repayment of all principal amounts outstanding, together with accrued interest thereon, together with all reasonable attorneys' fees, paralegals' fees and costs and expenses incurred by the Lender in collecting or enforcing payment.

The Debenture is guaranteed by Health Technology Solutions, Inc., Medytox Institute of Laboratory Medicine, Inc., Medical Billing Choices Inc., Medytox Diagnostics, Inc., Medytox Medical Marketing & Sales, Inc., PB Laboratories, LLC, Biohealth Medical Laboratory, Inc., Alethea Laboratories, Inc., International Technologies, LLC, EPIC Reference Labs, Inc., Clinlab, Inc., Medical Mime, Inc., Epinex Diagnostics Laboratories, Inc., Epinex Diagnostics Laboratories, Inc., Platinum Financial Solutions, LLC and the Company (the "Guarantors"). The Debenture is also secured by a pledge of the assets of the Company and the various subsidiaries, including certain issued and outstanding shares of common stock of Medytox Medical Marketing & Sales, Inc., Medical Billing Choices Inc., Medytox Diagnostics, Inc., Medytox Information Technology, Inc. and Platinum Financial Solutions Ltd.

Critical Accounting Policies and Estimates

Our principal accounting policies are described in Note 2 of the consolidated financial statements incorporated by reference in this prospectus. The preparation of the financial statements in accordance with accounting principles generally accepted in the Unites States ("U.S. GAAP") requires management to make significant judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. Our financial position and results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. Significant accounting policies, including areas of critical management judgments and estimates, include the following:

Revenue Recognition

Service revenues are principally generated from laboratory testing services including chemical diagnostic tests such as blood analysis and urine analysis. Net service revenues are recognized at the time the testing services are performed and are reported at their estimated net realizable amounts.

Net service revenues are determined utilizing gross service revenues net of contractual allowances. Even though it is the responsibility of the patient to pay for laboratory service bills, most individuals in the United States have an agreement with a third party payer such as Medicare, Medicaid or a commercial insurance provider to pay all or a portion of their healthcare expenses; the majority of services provided by Medytox are to patients covered under a third party payor contract. Despite follow up billing efforts, the Company does not currently anticipate collection of a significant portion of self-pay billings including the patient responsibility portion of the billing for patients covered by third party payors. The Company currently does not have any capitated agreements. In the remainder of the cases, Medytox is provided the third party billing information and seeks payment from the third party under the terms and conditions of the third party payer for health service providers like Medytox. Each of these third party payers may differ not only with regard to rates, but also with regard to terms and conditions of payment and providing coverage (reimbursement) for specific tests. Estimated revenues are established based on a series of procedures and judgments that require industry specific healthcare experience and an understanding of payer methods and trends.

We review our calculations on a monthly basis in order to make certain that we are properly allowing for the uncollectable portion of our gross billings and that our estimates remain sensitive to variances and changes within our payer groups. The contractual allowance calculation is made on the basis of historical allowance rates for the various specific payer groups on a monthly basis with a greater weight being given to the most recent trends; this process is adjusted based on recent changes in underlying contract provisions and shifts in the testing being performed. The provision for bad debts represents our estimate of net revenues that will ultimately be uncollectable and is based upon our analysis of historical payment rates by specific payer groups on a monthly basis with primary weight being given to the most recent trends; this approach allows bad debt to more accurately adjust to short-term changes in the business environment. These two calculations are routinely analyzed by Medytox on the basis of actual allowances issued by payers and the actual payments made to determine what adjustments, if any, are needed.

Contractual Allowances and Doubtful Accounts

Accounts receivable are reported at realizable value, net of allowances for contractual credits and doubtful accounts, which are estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for contractual credits and doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues which may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Historically, revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to provision for bad debts within selling, general and administrative expenses.

During the third quarter of 2014, the Company corrected the classification of the provision for bad debts from a component of operating expenses to a reduction in revenues. This presentation is required under U.S. GAAP due to the uncertainties of collection of the self-pay portion of patient service revenues.

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's (“FASB”) Accounting Standards Codification (“ASC”) 360 “Property, Plant and Equipment”. ASC 360 clarifies the accounting for the impairment of long-lived assets and for long-lived assets to be disposed of, including the disposal of business segments and major lines of business. Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates.

Fair Value of Financial Instruments

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820 “Fair Value Measurements and Disclosures” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) a reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Stock-Based Compensation

The Company accounts for Stock-Based Compensation under ASC 718 “Compensation – Stock Compensation”, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718 is a revision to SFAS No. 123, “Accounting for Stock-Based Compensation,” and supersedes Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” and its related implementation guidance. ASC 718 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized.

On September 25, 2013, the Company's board of directors approved and adopted Medytox Solutions, Inc. 2013 Incentive Compensation Plan (the “Plan”). The Plan was approved by the holders of a majority of the voting stock of the Company on November 22, 2013. The Plan provides for the grant of shares of common stock, options, performance shares, performance units, restricted stock, stock appreciation rights and other awards. As of December 31, 2013, no awards had been granted under the Plan. As of April 15, 2015, options to purchase 1,035,000 shares of common stock and 210,000 restricted shares of Common Stock have been granted to the Company's employees and consultants under the Plan.

The Company accounts for stock-based compensation awards to non-employees in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the options, warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Any stock options or warrants issued to non-employees are recorded in expense and additional paid-in capital in stockholders' equity/(deficit) over the applicable service periods using variable accounting through the vesting dates based on the fair value of the options or warrants at the end of each period.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

INFORMATION WITH RESPECT TO COLLABRX'S BUSINESS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes incorporated by reference in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. See "Cautionary Note Regarding Forward-Looking Statements and Industry Data."

All references to "we," "us," the "Company" or "CollabRx" in this section refer to CollabRx, Inc., which changed its name to Rennova Health, Inc. effective November 2, 2015.

All share and per share values in this section do not reflect the 1 for 10 reverse stock split effective as of November 2, 2015.

Overview

CollabRx, Inc. develops and markets medical information and clinical decision support products and services intended to set a standard for the clinical interpretation of genomics-based, precision medicine. Building on a comprehensive and specialized knowledge base, software systems that facilitate dynamic updating and automated reporting, and a large network of independent expert clinical advisors, we have developed a suite of unique and differentiated information products and services. These products include a scalable system for providing high-value information on biomarkers and related therapies for inclusion in reports prepared by diagnostic labs reporting on the results from their multi-biomarker genomic-based tests. In addition, we have developed decision-support tools for physicians and patients to assist with treatment planning for advanced cancer, offered over the Internet in both web-based and mobile apps. We believe that both product sets are highly synergistic, and allow opportunities for enhancement, cross-fertilization and adoption that go beyond what each would offer individually.

Our overall vision is that we are at the dawn of an era of explosive growth of data and information generated at the molecular level that must be interpreted and contextualized into knowledge before it can be used effectively by either physicians or patients. We regard this knowledge as being the most valuable portion of the molecular diagnostic process and we believe that all sectors of the healthcare industry, including providers, insurers, drug developers and patients, are potential users of this knowledge. We aim to deliver our proprietary interpretive content as quickly as possible and in as many usable forms as possible via the Internet.

We are just entering our commercialization phase. The systems and approach that we have developed can be applied to many disease states, but we have chosen to focus initially on cancer, an area of tremendous need and potential. We believe that our approach is unique, disruptive in the market and well timed, offering the potential for high growth, profitability and above average returns for investors.

We support oncologists and pathologists in their efforts to plan treatment approaches for their advanced cancer patients. We do so through three major information products, all of which are based on a proprietary knowledgebase that is informed by external data sources, our in-house experts, and a large network of independent clinical advisors. We attempt to gather together much of the data and evidence that is relevant to different therapeutic approaches in the context of the presence of specific genetic biomarkers, relating those to the relevant drugs and clinical trials that may help a physician plan a treatment approach for a patient. Similar to an electronic library, we focus on keeping the information comprehensive, accurate, current and easy to access. Currently, our information products include the following:

Product	***Users***	***Description***	***Business Model***
Genetic Variant Annotation Service™ (GVA™)	Pathologists and Laboratory Medical Directors via cloud-based servers	Automated clinical interpretation of tumor genetic alterations (mutation and copy number variation)	Laboratories pay $75-$150 per test event or purchase annual subscription
Therapy Finders® for Melanoma, Colorectal and Lung Cancer and Metastatic Breast Cancer	Oncology professionals at the point-of-care	Web-based expert systems for clinical decision support	Advertising and sponsorship sharing with on-line media partner *MedPage Today*
CancerRx	Oncology professionals at the point-of care	Mobile app with reference tools, social media, and expert systems	Advertising and sponsorship sharing with media partner *MedPage Today*

Since launching our Genetic Variant Annotation Service (GVA) in August 2013, several prominent diagnostic laboratories, comprehensive cancer centers and life science companies have become customers of and/or partners in this product, including: Life Technologies, Inc. (now Thermo-Fisher, Inc., Carlsbad, California), Affymetrix, Inc. (Santa Clara, California), OncoDNA, SA (Brussels, Belgium), Sengenics, Pte., Ltd. (Singapore), Cynvenio Biosystems, Inc. (Westlake Village, California), Quest Diagnostics, Inc. (Madison, New Jersey), CellNetix Pathology and Laboratories (Seattle, Washington), Genoptix (a Novartis company, Carlsbad, California), The Jackson Laboratory for Genomic Medicine (Bar Harbor, Maine), The University of Chicago Medical Center (Chicago, Illinois) and The Ohio State University Medical Center (Columbus, Ohio).

Our Therapy Finders® and CancerRx were made available free to physicians and patients via our on-line media partner, MedPage Today, the professional property of Everyday Health, Inc. On June 16, 2015, we terminated our exclusive agreement with MedPage Today which is run by Everyday Health, Inc. We are in the process of updating Therapy Finders® and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders® on the CollabRx website.

Company Background

CollabRx (f/k/a Tegal) was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. We designed, manufactured, marketed and serviced specialized systems used primarily in the production of semiconductors and micro-electrical mechanical devices, including integrated circuits, memory devices, sensors, accelerometers and power devices. Beginning in late 2009, we experienced a sharp decline in revenues resulting from the collapse of the semiconductor capital equipment market and the global financial crisis. In a series of transactions from 2010 to 2012, we sold the majority of our operating assets and intellectual property portfolio. During the same time period, our Board of Directors evaluated a number of strategic alternatives, which included the continued operation of the Company as a stand-alone business with a different business plan, a merger with or into another company, a sale of the Company's remaining assets, and the liquidation or dissolution of the Company. We investigated opportunities within and outside the semiconductor capital equipment industry and evaluated a number of transactions involving other diversified technology-based companies. Throughout this process, we developed and refined our criteria for a business combination, with an eventual focus on the healthcare industry, and specifically information technology and services within the healthcare industry.

On July 12, 2012, we completed the acquisition of a private company called CollabRx, Inc. (the “2012 Merger”), pursuant to an Agreement and Plan of Merger dated as of June 29, 2012 (the “2012 Merger Agreement”). As a result of the 2012 Merger, CollabRx became a wholly-owned subsidiary of the Tegal Corporation. In consideration for 100% of the stock of CollabRx, we agreed to issue an aggregate of 236,433 shares of common stock, representing approximately 14% of the Company's total shares outstanding prior to the closing, to former CollabRx stockholders. As of July 12, 2012, these shares had a fair value of $932,000. We also assumed $500,000 of existing CollabRx indebtedness through the issuance of promissory notes. The principal amount of the promissory notes is payable in equal installments on the third, fourth and fifth anniversaries of the closing date of the 2012 Merger, along with the accrued but unpaid interest as of such dates. Prior to the closing of the 2012 Merger, we provided $300,000 of bridge financing to CollabRx. After the completion of the 2012 Merger, this loan was reclassified to be included as part of the purchase price, and the loan was thereby extinguished. In addition, in connection with the 2012 Merger, we granted a total of 368,417 restricted stock units (“RSUs”) and options as “inducement grants” to newly hired management and employees, all subject to four-year vesting and other restrictions. In December 2012, an aggregate of 215,475 RSUs were forfeited in connection with the resignation of James Karis as our Co-Chief Executive Officer.

The Cancer Market and Genomic Testing

Cancer is a worldwide health concern. In 2002, cancer eclipsed heart disease as the number one cause of death in the U.S. for individuals under the age of 85, according to the National Cancer Institute. In the U.S., nearly 12 million individuals are living with a cancer diagnosis, approximately 7 million individuals are being treated for cancer, approximately 1.5 million new cases are diagnosed each year, over 600,000 people die from cancer each year (6 million deaths worldwide), and nearly 1 in 3 females and 1 in 2 males will be diagnosed with cancer in their lifetime, according to the American Cancer Society. Age is the number one risk factor for the development of cancer. Nearly 80% of cancers are diagnosed in individuals aged 55 years and older, which is the fastest growing age segment of the U.S. population according to the U.S. Census Bureau. JPMorgan recently estimated that the total market opportunity for testing in cancer is estimated at $10 billion in 2014 in the U.S. alone, growing to $25 billion by 2018, but this opportunity has only been partially tapped.

Cancer treatment and research has been experiencing an unprecedented explosion of knowledge in the past 5-10 years. There are over 500 new cancer therapies in pre-clinical development, thousands of diagnostic labs (private and hospital based), more than 10,000 cancer-related clinical trials are currently ongoing, and over 100,000 cancer-related papers are published in the scientific literature annually, according to PubMed and ClinicalTrials.gov. The knowledge explosion is associated with two interrelated key drivers: (i) cancer is fundamentally a disease of the genome, (i.e., genetic mutations cause cancer), and (ii) the costs and time to sequence genes (and discover mutations that can be targeted for therapy) have been falling at an increasing rate, driven principally by new sequencing technologies commonly referred to as “Next Generation Sequencing” or “NGS”. The concept of a “$1,000 genome” has broad psychological implications since it represents the price point at which leading experts believe that every cancer genome will be sequenced.

Large-scale genetic sequencing studies in tumors are rapidly uncovering mutations in genes that can be selectively targeted by pharmaceutical and biotechnology companies. There were fewer than 10 cancer genes in 2008 in which genetic aberrations were strongly associated with treatment implications. By comparison, there is broad consensus that there are currently approximately 50 such genes based on recent studies, a number that is expected to double in the next year even as additional mutations are being discovered in genes already associated with cancer. Currently there are approximately over 95 biomarkers representing thousands of mutations in aggregate that are associated with at least some level of clinical actionability. This number is expected to increase rapidly as new discoveries are made.

Competitive Strengths

Faced with this explosion of data that results from the sequencing of multiple genes with hundreds of possible mutations within a single patient tumor, hospital laboratories, diagnostic companies and physicians alike are faced with the challenge of learning about evaluating, and staying current with the therapeutic implications of the presence of such mutations in their patient's tumor biopsies. CollabRx is differentiated and unique as an information company. We are not a diagnostic lab offering a particular test or series of tests in cancer diagnostics. Instead, we have focused exclusively on the information, analysis and interpretation-based steps in the diagnostic workflow, developing and refining the increasingly complex task of delineating the relationship between known or studied biomarkers in cancer with the therapeutic strategies that the published evidence supports. With our web-based and mobile apps, we provide a means for physicians to access our knowledgebase easily at the point-of-care. For laboratories, we provide a credible, third party resource for the dynamic information and analysis that is needed to interpret the results of genetic tests.

In general, the diagnostic testing workflow for multi-gene cancer testing is comprised of the following steps, with CollabRx focused on the last three:

- Specimen Handling - including acquisition, transport and acceptance by the lab
- Sample Prep – extraction of DNA from specimen tissue and preparation for NGS testing
- Genetic Analysis – sequencing, which results in raw sequencing data file suitable for exporting from platform

- Bioinformatics – variant calling and quality filtering, resulting in a structured VCF file
- Data Analysis / Interpretation – identification of "actionable" variants and clinical decision support algorithms
- Reporting – visual analysis, report configuration in format suitable for physicians
- Downstream Analytics - compare results across patients; correlate with clinical outcomes; integrate with EMR data

Our conviction is that the interpretation and reporting of genomic-based test results will become the key differentiator in the market, as opposed to the design and performance of the test itself, given the rapid commoditization of NGS data generation and inherent lack of intellectual property in the sequencing steps. Ultimately, we believe physicians will judge the quality of a diagnostic test based on the quality of the report, and how well it supports the treatment decision process. This requires a fine balance between comprehensiveness of content and brevity, the ability to prioritize test results based on the inclusion of additional test or patient data, methods to explore the supporting evidence, and a variety of means to access the report. All of these features are either in our current products or on our product roadmap and we believe that we have substantially more experience in determining the information that should be included and features of a report than any other company of our type. Furthermore, there are significant capital efficiencies in operating as an information and data analytics company, as opposed to a vertically integrated, clinical laboratory. We believe that the evolving regulatory and competitive landscape in genomics-based medicine favors our approach over that of an integrated lab. We are platform agnostic, independent, adaptable and unregulated.

We believe that diagnostic companies, medical centers, hospital labs and other community-based labs interested in developing a genomics testing capability will confront the challenges associated with developing and maintaining a clinically-oriented, evidence-based biomarker reference database, and increasingly will realize that it is better to "buy" than to "build." As a first-mover in developing an independently vetted, comprehensive, and frequently updated knowledge base in clinical oncology, as well as the means to address large-scale testing, we believe that we have a significant and sustainable lead over other organizations, including those that have traditionally been involved in or serve the genomics-based research community.

In addition, we believe that it is important to address physician needs for information directly, rather than solely via diagnostic laboratories. For this reason we have continued the development of our web-based and mobile applications, addressing oncologists and pathologists at work and at home, providing a resource for both education and for decision-support. Through these point-of-care products, we strive to build a recognizable brand identity as a reliable and credible resource for molecular information in cancer that extends past "guidelines" or the "standard of care" which are both typically months or years behind where the evidence and thought leaders believe treatment strategies for their advanced cancer patients can be found.

Our ability to compete in these markets and our ability to serve the needs of physicians treating advanced cancer patients rest on a set of principles and ideas that are potentially very disruptive to the markets that we serve and which offer an opportunity for extraordinary growth and profitability. We believe that the following attributes of CollabRx provide a sustainable competitive advantage:

- *Our proprietary knowledgebase is focused on actionable information for physicians* – CollabRx medical and scientific content is organized in a knowledgebase that expresses the relationship between genetic profiles, other aspects of the medical record (e.g., stage, prior treatments), and therapy considerations including molecular diagnostics, medical tests, clinical trials, drugs, biologics, and other information relevant for treatment planning. Capturing how highly respected practicing physicians use this information in the clinical setting further refines the knowledgebase. Importantly, all content is dynamically updated to reflect the continual release of relevant information into the public domain; updates are provided monthly. Our focus is on providing actionable information that physicians can use to plan treatment strategies for their advanced cancer patients and identifying the evidence in the public domain that justifies the therapy options presented.

- *Our automated software platform is scalable and capable of handling high test volumes and fast turn-around times* – The CollabRx "Semantic Integration Platform" or SIP brings together methods to track important changes in molecular oncology from numerous sources, including the published literature and many of the centralized publicly available databases utilized by biomedical and translational clinician/scientists. The SIP is a powerful analytical platform for identifying actionable biomarkers, and incorporates specialized tools that help our knowledge engineers in the curation of the source material. It manages the uploading and analysis of customer provided test results, accumulates and prepares data and reports for export, and provides systems for quality assurance, automated approval, change management, documentation and project management. Our SIP provides CollabRx with a scalable, interactive service that can handle large test volumes and still maintain fast turn-around times for our customers.

- *Our large network of independent expert clinical advisors* – We currently have a large network of independent, uncompensated expert advisors, organized by both tissue-specific editorial boards and pan-cancer or biomarker-centric boards, that provides a unique, unbiased mechanism to inform and prioritize treatment strategies based on evidence. Currently, portions of our knowledge base that inform our Therapy Finders® (and which already include markers for histopathology, stage, prior treatment history and molecular tests) are invoked when the biomarker test results also include a diagnosis matching one of our Therapy Finders®. Over time, we believe that through the formation of additional editorial boards and the development of additional Therapy Finders®, we will have a means to broaden and enrich our knowledge base in a way that addresses what promises to be an evolving need for more complex, comprehensive and independent decision support. We write and publish with our advisors in the peer-reviewed literature and at conference proceedings, select methods and frameworks by which we qualify the clinical actionability of biomarkers, and participate in original studies that leverage these standards.

- *Our first-mover advantage and independence* - We believe that CollabRx is the first company to have focused exclusively on the information-based, value-added steps of the diagnostic testing workflow in the context of providing clinical grade interpretation of multi-gene testing in cancer, separate from the processing of tissue samples in a laboratory environment. We have built our knowledgebase, software platform and information products over several years with an investment of nearly $20 million. Without a diagnostic panel or test of our own, we can remain agnostic both with respect to the test vendor and the testing platform. In addition, since our network of independent expert advisors comes from over 26 prominent institutions from 6 countries, we believe that we can also avoid any inherent or institutional bias in the analysis of test results and the formation of therapeutic options for cancer patients.

Growth Strategy

Our strategic vision is to become a leading source of high value, independently reviewed, actionable information on molecular medicine that supports decision-making by physicians and patients, embodied in tools and services whose performance or use allow us to accumulate data that is valuable to paying segments of the health care ecosystem. We intend to build our information franchise first in oncology, and then expand to other genomics-based disease areas that are amenable to our approach of automated, scalable, and expert-vetted content creation and distribution.

Payors, individual practitioners and patients alike will increasingly want to understand the power and utility of biomarkers and their associated targeted therapies in connection with treatment planning. By making our knowledge base accessible through easy to use web-based and mobile apps, we believe that we can extend our franchise beyond oncology, cross-sell related products and provide a service that is currently unmatched in the health care marketplace.

Our growth strategy includes the following key elements:

Marketing of our Genetic Variant Annotation™ Service (GVA™) into additional segments within the clinical diagnostic laboratory market. Since launching the GVA, we have been engaged primarily in a business development effort with the largest general reference laboratories, with the belief that these laboratories will eventually make up a large portion of all of the genomic tests administered to cancer patients. We have also been successful in attracting some of the most prominent specialty reference laboratories in the US. We intend to continue to formalize our approach to these market segments, relying more on marketing than business development. We have had some success in penetration of the important academic hospital lab segment, but intend to do more in this segment, likely in association with strategic partners. The additional segments of community hospital labs and research labs are not prominent short-term targets for the GVA, but will be addressed via partnerships with other companies for whom these are target markets. While most cancer patients are treated in community hospitals, their in-house laboratories currently rely largely on either the general or specialty reference labs for cancer genomic testing.

Forming strategic partnerships with life science companies to expand GVA biomarker coverage and utility and to engage with them in cooperative marketing efforts. An example of such a strategic partner is Affymetrix, Inc., which has supported our inclusion of Copy Number Variation (CNV) data, which along with sequencing data, provides a comprehensive genetic profile of somatic tumors. In addition to supporting the inclusion of CNV data in our GVA, Affymetrix is supporting a cooperative marketing effort to their clinical research customers. Another life science company with whom we were engaged in the early development of our GVA was Life Technologies, Inc. (now a part of Thermo-Fisher). We are actively seeking additional strategic partnerships with life science and other large companies to both expand the utility of our GVA and to market to our mutual customers.

Forming partnerships with companies in the diagnostic testing workflow to enhance the GVA and to expand our customer base. Particularly in the academic hospital laboratory segment, there is a wide range of capabilities in the area of information technology (IT). A certain base level of IT capability is needed to design, manage and track test results and to prepare reports for ordering physicians. Several companies with whom we have entered agreements, such as GeneInsight, Inc., have developed product offerings in these areas. Our aim is to be able to offer our GVA content through such IT platforms. In addition, we have established a partnership with Omicia, Inc. which offers both IT support to labs and provides a powerful platform and algorithm for genomic research. We are also seeking to tie-up with companies that are integrated into or offer Electronic Medical Records, to facilitate the integration and reporting of additional high value patient data, such as clinical outcomes.

Supporting the advertising and sponsorship sales activities of Everyday Health, Inc. in connection with the current and future Therapy Finders® and CancerRx mobile apps. With the successful launch of the CancerRx mobile app in connection with MedPage Today, the sales and marketing teams of Everyday Health have been actively recruiting advertising and sponsorships for the app, which is free to registered users of MedPage Today. We intend to provide our specialized expertise related to the information needs of oncologists and pathologists to promote CancerRx to the largest pharmaceutical and diagnostic companies. In addition, we intend to develop additional Therapy Finders® for other cancers and other tools and features that will drive repeat usage for inclusion on both MedPage Today and CancerRx. Eventually, with continued and prolonged use of the app by physicians, we will be able to develop anonymous data sets which we believe will be of assistance to the detailed sales efforts of our sponsors and advertisers. On June 16, 2015, we terminated our exclusive agreement with MedPage Today which is run by Everyday Health, Inc. We are in the process of updating Therapy Finders® and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders® on the CollabRx website.

Products and Technology

We are focused on developing and delivering content-rich knowledge-based products and services that inform healthcare decision-making, with an emphasis on genomics-based “precision” medicine and big data analytics. Our proprietary content is organized in a knowledge base that expresses the relationship between genetic profiles and therapeutic options, including molecular diagnostics, medical tests, clinical trials, drugs, biologics, and other information relevant for cancer treatment planning. We have developed a method for capturing how practicing physicians use this information in the clinical setting, by incorporating within the knowledge base the views of a large network of independent key opinion leaders in medicine and medical research. We currently deliver our proprietary content to users via web-based applications and services in the “cloud” serving physicians and their patients in two settings: (i) at the point-of-care in the “clinic”, and (ii) indirectly, as a part of a genetic test report provided to an ordering physician by a diagnostic testing laboratory, (i.e., the “lab”). Portions of our web-based applications are currently available free to physicians and patients through commercial on-line media partners under a license plus advertising or sponsorship revenue sharing arrangement. The content that we offer to laboratories is sold based on a variation of a “Software as a Service” or SaaS business model, in which our content is provided on a one-time, subscription or per test basis. We also receive fee-for-service payments in connection with customized user interfaces to our database.

We use the term “big data” to refer to datasets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyze. We use the term “cloud” to mean a product or service that can be delivered via the Internet, usually on a pay-for-use or subscription basis, versus the purchase and installation of enterprise-based software, which typically requires investments in both software and hardware, often also requiring large-scale customization efforts.

We search publicly available databases as source documents for our knowledgebase. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer oncology and literature. We then aggregate, annotate and integrate these datasets for the purpose of defining the relationship of biomarkers to therapeutic strategies, drugs and clinical trials. None of the individual databases we utilize as sources provide information on the interrelationships of these discrete elements. In addition, CollabRx has developed a process for incorporating the guidance of our network of physician and research advisors in the selection of the most relevant data for specific diagnoses, histopathological data, prior treatments and biomarkers. The result of this software and expert-assisted process is proprietary content that includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing.

Although the process and results are proprietary, we always refer to the relevant source documentation that provides the support for the identification of an actionable biomarker, typically a peer-reviewed, published paper. In this way, we avoid the “black-box algorithm problem” which is prevalent in other companies' predictive analytical models, but is not currently a trusted methodology in medical practice. Our proprietary content is incorporated into our knowledgebase, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services.

In addition to analyzing the sequencing data that we collect, we intend to pursue collaborative arrangements with other companies and entities that provide contract research services to oncology practices, conduct in-house clinical and translational research, collect information on patient outcomes and link this information to genetic sequencing data, and calculate the relative costs and benefits associated with different diagnostic tests and therapies. We expect such efforts to lead to novel insights and advances to improve the quality of cancer care and reduce the costs of delivering it.

The physicians and researchers within our network of advisors have agreed to participate in our efforts for an indefinite term, on an uncompensated basis, and without a formal agreement. The board assignments, biographies and current affiliations of all of our advisors are posted on our website.

The systems and approach that we have developed for knowledge aggregation, content creation and expert advisory management can be applied to many disease states, but we have chosen to focus initially on genomic medicine in cancer, which is sometimes referred to as “precision oncology.” This is an area of tremendous activity and promise, where clinical research in genomics has given rise to scores of “targeted” therapies that have proven in many cases to prolong the lives of cancer patients. We believe that oncology is also the area of greatest need, where physicians and patients lack convenient access to clear and easy-to-understand information about which drugs, tests and clinical trials should be considered in constructing a cancer treatment plan based on the genetic profile of a tumor. Our overall vision is that we are at the dawn of an era of explosive growth of data and information generated at the molecular level that must be interpreted and contextualized into knowledge before it can be used effectively by either physicians or patients. We regard this knowledge as being the most valuable portion of the molecular diagnostic process and we believe that all sectors of the healthcare industry, including providers, insurers, drug developers and patients are potential users of this knowledge. We aim to deliver our proprietary interpretive content as quickly as possible and in as many usable forms as possible, via the Internet.

Products

Therapy Finders® and CancerRx Mobile App

Our Therapy Finders® web-based application serves as an initial user-interface to the underlying knowledge base. It is available free of charge on our website. Our Therapy Finders® are also offered to registered physicians through MedPage Today, an offering of Everyday Health, Inc. MedPage Today is a rapidly growing online site that serves 96% of all oncologists and 1.6 million monthly online unique users. Our agreement with Everyday Health provides for an annual license fee payable to our Company and sharing of sponsorships and advertising revenue generated by Everyday Health.

Our Therapy Finders® products are available free-of-charge on our website. Our Therapy Finders® are a series of cancer-specific, web-based apps which are accessed by physicians and patients, usually in the physician's office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders® are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. Therapy Finders® do not provide the level of detailed information on specific test results that are available from the GVA. Therapy Finders® are offered free of charge and the advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders® is partially supported by sponsorships and advertising revenue. Our aim is to make this tool available as widely as possible, through as many channels as possible, to help community physicians understand the relevance of biomarker testing and the availability of potential therapies for their advanced cancer patients.

Our Therapy Finders® products are available on both our website and on the MedPage Today website. There is no material difference between the Therapy Finders® presented on both websites. The only differences are cosmetic, such as background color and placement of individual frames. Initially, the language used in our Therapy Finders® presented on our website was geared toward patients. When the opportunity arose in connection with MedPage Today, we modified the language to be more physician-friendly and indicated this by appending “Professional” to the title “Therapy Finder.” In order to avoid confusion, we replaced the patient oriented version on our website with the professional version that is distributed through MedPage Today. At the same time, we also undertook to revise the other Therapy Finders® appearing on our website, but not yet distributed through MedPage today, to the professional (physician-friendly) version, and labeled them as such. Nevertheless, we anticipate offering both professional and patient oriented versions of our Therapy Finders® in the future.

In 2014, we redesigned our Therapy Finders® so that they could be accessed by physicians using the iOS operating system from Apple, Inc. via an iPhone or an iPad, and have named this mobile application “CancerRx.” CancerRx was co-developed with MedPage Today of Everyday Health, Inc., with the ownership of the application retained by CollabRx. A special feature of CancerRx is a daily oncology newsfeed from MedPage Today, all with real-time over the air updates. Under our agreement with MedPage Today each company absorbs its own costs for the development, and we share the gross advertising, sponsorship and data analytics revenues associated with the app. We launched CancerRx during the first fiscal quarter of fiscal year 2015.

On June 16, 2015, we terminated our exclusive agreement with MedPage Today which is run by Everyday Health, Inc. We are in the process of updating Therapy Finders and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders on the CollabRx website.

Genetic Variant Annotation™ Service (GVA™)

Within the clinical laboratory market segment, our current offering provides the clinical interpretation of genetic variants present in human tumor biopsies, and is sold directly to diagnostic labs that perform molecular testing on patients. Our *"Genetic Variant Application" or "GVA"* is compiled dynamically by our software platform to provide specific insights to a patient's diagnostic test results on a test-by-test basis. The GVA results are provided to laboratories in a variety of forms, including with a front-end user interface or directly integrated into a customer's laboratory information management system. Drawing on our interactive and up-to-date knowledge base, a diagnostic lab medical director can select the most relevant insights for a particular patient at the time of testing, and incorporate those insights on potential therapeutic strategies within the report that is transmitted directly back to the ordering physician (typically an oncologist or pathologist). Our content is branded and identified as *"Powered by CollabRx"* within the test report. We deliver the GVA product via a cloud-based variation on a SaaS business model, and we receive payment directly from the diagnostic laboratory, typically on a per-test basis. Because we are independent and focused exclusively on providing information on actionable biomarkers, we are able to offer our service to many of the hundreds of laboratories globally that offer genetic testing of cancer tumors.

The GVA is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a "Next Generation Sequencing" (NGS) or similar testing platform. We analyze the test results for the purpose of identifying those aberrations which we have annotated in advance as being "actionable" (i.e., related to a therapeutic strategy). We provide the testing lab with a report, incorporating specific information regarding identified biomarkers and associated therapeutic strategies for each, along with relevant drugs and clinical trials, to a level and in a format that we have agreed in advance with our customer. We are compensated for this service either on a per-test or on a volume-adjusted subscription basis. This service is not available to the public and is not available on our website. To date we have signed SaaS-based, multi-year agreements with Life Technologies, Inc. (Carlsbad, California), OncoDNA, SA (Brussels, Belgium), Sengenics, Pte., Ltd. (Singapore), Cynvenio Biosystems, Inc. (Westlake Village, California), Quest Diagnostics, Inc. (Madison, New Jersey), CellNetix Pathology and Laboratories (Seattle, Washington), Genoptix (a Novartis company) (Carlsbad, California), and The Jackson Laboratory for Genomic Medicine (Bar Harbor, Maine).

Technologies

The knowledge base that underlies our clinical and laboratory is focused on the "actionable" molecular biomarkers and evidence-based medicine that guides the selection of therapeutic options. We determine "actionability" based on a defined set of measures of the strength of evidence and other objective criteria supporting different levels of "actionability". The information that we aggregate, synthesize and report to physicians is based solely on data available publicly in the medical literature. It is referenced with respect to its source documentation and is vetted for appropriateness and relevance as needed by our network of more than 75 independent key opinion leaders, whose identities and biographies are posted on our website. In these important ways we are transparent in our approach to providing the information that supports the day-to-day decisions made by practicing physicians. We have simplified and made more efficient the process by which many physicians would otherwise collect the needed information to make or support clinical decisions (e.g., web search followed by reading). We have performed the searches and compiled the relevant information in advance on behalf of users, ensuring that the information is comprehensive, relevant and up-to-date. Basically, we provide an easy-to-use, efficient, interactive on-line library for practicing oncologists and laboratory medical directors.

We have developed sophisticated, artificial-intelligence-based software programs that allow us to aggregate data from publicly available sources of published, peer-reviewed scientific and medical literature, abstracts and case reports. Our *"Semantic Integration Platform",* or SIP, allows us to update on a regular and frequent basis a proprietary knowledge base that links several external and internal databases with information on known and emergent biomarkers, molecular tests that are available to assist with further diagnoses, drugs and compounds that have either been approved as drugs or are under investigation, and the relevant clinical trials that are recruiting patients for further research. All of this information is referenced to published source documentation. We annotate and curate the basic information, creating high-level summaries designed to contextualize for physicians and patients the relationships between the identified biomarkers and the available testing and treatment options.

Fundamental to our business is the concept that “thought-leader” medicine drives advances in clinical practice. Physicians and researchers in the major cancer centers in the United States and abroad that oversee cutting-edge clinical research are discovering new treatment and testing options for patients at an increasingly rapid pace, due in large part to advances in testing and information technology. Treatment options that are incorporated into routine clinical practice “standard of care” guidelines fail to keep up with the rapid pace of discovery in the research laboratories. We have addressed this problem by assembling a large network of leading oncologists and researchers and by providing them with a platform to integrate their knowledge into clinical practice and to distribute that knowledge widely to other practicing physicians. Generally speaking, most patients at this stage are “beyond the standard of care.” We believe this “democratization” of thought-leader medicine is disruptive to the status-quo of compartmentalized, institution-based diagnosis and treatment.

Building on the well-established conceptual framework for publishing in medicine, we have assembled a network of Editorial and Advisory Boards of independent physicians and researchers, based around specific expertise in organ or location-based cancers (e.g., melanoma, colorectal, breast, prostate, etc.) and “pan-cancer” (a biomarker-centric, non-location specific view). Each Editorial Board has a Chairperson and consists of 6 – 12 additional experts recruited by the Chair and assembled specifically to help us model each disease on a molecular level, to create decision nodes for the consideration of additional testing or therapy options, and to weigh alternative treatments against the highest quality of peer-reviewed scientific and medical evidence. Several of our models have been co-authored by our Editorial Board members and published in open access, peer-reviewed journals. The decision-support features of the knowledge have been developed into easy-to-use, web-based Therapy Finder™ applications that we have made available to physicians and patients free of charge on our website and through other online media outlets. In this way, we fulfill our commitment to transparency and the democratization of thought-leader medicine.

Customers

As we transitioned into healthcare, our customers changed materially. Until February 9, 2011, our sales were primarily to large semiconductor and micro-electrical mechanical systems (“MEMS”) device manufacturers. We generate revenues from a small number of customers. In fiscal year 2015, six customers accounted for 78% of our revenues. In fiscal year 2014, five customers accounted for 96% of our revenues. The loss of any of these customers would significantly impact our operating results in future periods. As we continue to make inroads into the commercialization phase of our current business, we expect that our customer base will expand and that our sales will be less concentrated.

Marketing, Sales and Service

We focus on content creation through the aggregation of peer-reviewed published data and its review and interpretation by clinical experts, and the incorporation of that content into products that provide current, credible and actionable information to users. Updated frequently, such information is highly valuable to several segments of the healthcare market, including patients, healthcare providers (e.g., oncologists and pathologists), provider networks, laboratories, diagnostic companies, medical institutions, pharmaceutical and biotechnology companies, and contract research organizations. The diversity of potential users of such information requires a corresponding diversity in marketing approaches and sales strategies. For this reason, we have chosen to enter the markets through strategic partnering arrangements with companies that already have a significant presence in each of the market segments.

For our clinical products, we formed our first strategic partnership with Everyday Health, Inc., a leading on-line media company in the healthcare market. Our agreement with Everyday Health includes license fees and advertising revenue sharing in connection with making our CollabRx Therapy Finders® available to registered physicians through *MedPage Today*, Everyday Health, Inc.'s rapidly growing online site that serves 96% of all oncologists and has 1.6 million monthly online unique users. On June 16, 2015, we terminated our exclusive agreement with MedPage Today which is run by Everyday Health, Inc. We are in the process of updating Therapy Finders and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders on the CollabRx website.

For our laboratory products, we entered into a multi-year agreements with several companies, including Life Technologies, Inc., Quest Diagnostics, Inc., Affymetrix, Inc., The Jackson Laboratory, CellNetix, Inc., Genoptix, Inc., Cynvenio Biosystems, Inc., OncoDNA, SA (Brussels, Belgium), and Sengenics, Pte., Ltd. (Singapore).

We are in the process of pursuing and negotiating strategic partnerships with other companies in the major healthcare segments as part of a broad business development strategy in which several of our employees, including our senior executives, are involved. Our other marketing efforts consist primarily of our website and presentations by our executives at industry trade shows and conferences. At the present time, we do not engage in direct sales activities to users, and our service activities are limited to supporting and maintaining our software applications that run on several cloud-based servers.

Intellectual Property

Our business relies, in part, upon our ability to protect our proprietary technologies, methods and processes, product designs and branding that we have invented, developed or licensed. To accomplish these objectives, we rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections. Our policy is to seek patent protection and trademark registration for commercially valuable assets we develop, as appropriate, and maintain as trade secrets other aspects of our proprietary platform, processes, and know-how.

We have licensed the rights to two U.S. patent applications to GeneKey, Inc. pursuant to royalty agreements and have filed one provisional U.S. patent application. We also rely on several registered and unregistered trademarks to protect our brand. In addition, we seek to protect our intellectual property rights by generally requiring our employees and independent contractors involved in development to enter into agreements acknowledging that all inventions, trade secrets, works of authorship, developments, concepts, processes, improvements and other works generated by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim in those works.

Despite our efforts to protect our proprietary technologies and our intellectual property rights, unauthorized parties may attempt to copy aspects of our products or obtain and use our trade secrets or other confidential information. We generally enter into confidentiality agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our confidential information and proprietary technology. These agreements may not effectively prevent unauthorized use or disclosure of our intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our intellectual property or technology. In addition, others may independently discover our trade secrets and confidential information, and in such cases we could not assert any trade secret rights against such parties. We cannot assure you that the steps taken by us will prevent misappropriation of our trade secrets or technology. In addition, the laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States.

Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions, and failure to obtain or maintain trade secret protection, or our competitors' obtainment of our trade secrets or independent development of unpatented technology similar to ours or competing technologies, could adversely affect our competitive business position.

Litigation or proceedings before the U.S. Patent and Trademark Office, or USPTO, or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights, to protect our patent rights, trademarks, and trade secrets and to determine the validity and scope of the intellectual property rights of others. Our efforts to enforce or protect our intellectual property rights may be ineffective and could result in substantial costs and diversion of resources and management time, and could substantially harm our results of operations.

Competition

Competition in the “content” space can originate from the Internet, online medical journals, consumer-facing healthcare websites, other proprietary databases, and subscription-based services. However, we believe that none of the existing competitors offer the array of experts, vetted content, tools and services that are embodied in the CollabRx organization.

Competition in the clinical decision support space comes primarily from clinical treatment guidelines publishers (e.g., NCCN), boutique-level consulting companies (e.g., N-of-One, Inc.), companies that develop healthcare applications ("apps", e.g., Athena Health/Epocrates), and more recently laboratories that conduct genomic testing (e.g., Foundation Medicine and Caris Life Sciences). The most relevant direct competitor to CollabRx interpretive analytics and test reporting services is Foundation Medicine, currently recognized as one of a small number of lab testing companies that also provide "best-in-class" interpretive reporting of tumor mutational profiling. CollabRx has been identified as a key potential competitor to Foundation Medicine and others since we broadly enable others to meet and exceed the standard set by Foundation Medicine with respect to test report quality.

Competition in the "analytics" space comes primarily from large firms with a broad focus (e.g., SAP) and from niche firms with a focus in healthcare (e.g., GNS Healthcare) or cancer genomics (e.g., Molecular Health). Both types of firms currently develop and apply statistical models to identify trends in large and complex datasets, but do not routinely provide a clinically relevant interpretive framework to the results. When they do, it is typically in the content of drug toxicity, and not efficacy. At present these firms represent potential CollabRx partners, but could conceivably become direct competitors if they developed a clinical expert-backed content strategy similar to CollabRx. In addition, unlike CollabRx, these types of firms (i.e., ones that utilize statistical modeling and algorithms) are likely to face much more intense regulatory oversight and scrutiny, based on recent guidance issued by the FDA.

Governmental Regulations

FDA

The FDA regulates the sale and distribution in interstate commerce of medical devices under the Federal Food, Drug, and Cosmetic Act, or the "FDCA", including *in vitro* diagnostic devices, reagents and instruments used to perform diagnostic testing. As CollabRx does not conduct LDTs, nor produce or distribute any product that can be categorized as "devices" by the FDA, we do not believe that we are subject to FDA oversight.

HIPAA and HITECH

Under the administrative simplification provisions of the Health Insurance Portability and Accountability Act, or "HIPAA", as amended by the Health Information Technology for Economic and Clinical Health Act, or "HITECH", the United States Department of Health and Human Services issued regulations that establish uniform standards governing the conduct of certain electronic health care transactions and protecting the privacy and security of protected health information used or disclosed by health care providers and other covered entities. Three principal regulations with which we are required to comply have been issued in final form under HIPAA: privacy regulations, security regulations, and standards for electronic transactions, which establish standards for common health care transactions. The privacy regulations cover the use and disclosure of protected health information by health care providers. They also set forth certain rights that an individual has with respect to his or her protected health information maintained by a health care provider, including the right to access or amend certain records containing protected health information or to request restrictions in the use or disclosure of protected health information. The security regulations establish requirements for safeguarding the confidentiality, integrity, and availability of protected health information that is electronically transmitted or electronically stored. The HITECH Act, among other things, established certain health information security breach notification requirements. A covered entity must notify any individual whose protected health information is breached. The HIPAA privacy and security regulations establish a uniform federal "floor" and do not supersede state laws that are more stringent or provide individuals with greater rights with respect to the privacy or security of, and access to, their records containing protected health information. Massachusetts, for example, has a state law that protects the privacy of personal information of Massachusetts residents.

These laws contain significant fines and other penalties for wrongful use or disclosure of protected health information. Additionally, to the extent that we submit electronic health care claims and payment transactions that do not comply with the electronic data transmission standards established under HIPAA and HITECH, payments to us may be delayed or denied.

Federal, State and Foreign Fraud and Abuse Laws

In the United States, there are various fraud and abuse laws with which we must comply and we are potentially subject to regulation by various federal, state and local authorities, including CMS, other divisions of the U.S. Department of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice and individual U.S. Attorney offices within the Department of Justice, and state and local governments. We also may be subject to foreign fraud and abuse laws.

In the United States, the federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for patient referrals for, or purchasing, leasing, ordering or arranging for the purchase, lease or order of, any health care item or service reimbursable under a governmental payor program. Courts have stated that a financial arrangement may violate the Anti-Kickback Statute if any one purpose of the arrangement is to encourage patient referrals or other federal health care program business, regardless of whether there are other legitimate purposes for the arrangement. The definition of "remuneration" has been broadly interpreted to include anything of value, including gifts, discounts, credit arrangements, payments of cash, consulting fees, waivers of co-payments, ownership interests and providing anything at less than its fair market value. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements within the health care industry, the U.S. Department of Health and Human Services issued a series of regulatory "safe harbors." These safe harbor regulations set forth certain provisions, which, if met, will assure health care providers and other parties that they will not be prosecuted under the federal Anti-Kickback Statute. Although full compliance with these provisions ensures against prosecution under the federal Anti-Kickback Statute, the failure of a transaction or arrangement to fit within a specific safe harbor does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the federal Anti-Kickback Statute will be pursued. Penalties for federal anti-kickback violations are severe, and include imprisonment, criminal fines, civil money penalties, and exclusion from participation in federal health care programs. Many states also have anti-kickback statutes, some of which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Legislation defining two new federal crimes related to health care were recently enacted: health care fraud and false statements relating to health care matters. The health care fraud statute prohibits knowingly and willfully executing a scheme to defraud any health care benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from governmental payor programs such as the Medicare and Medicaid programs. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material act or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for health care benefits, items or services. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from governmental payor programs.

Finally, another development affecting the health care industry is the increased enforcement of the federal False Claims Act and, in particular, actions brought pursuant to the False Claims Act's "whistleblower" or "qui tam" provisions. The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal governmental payor program. The qui tam provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has defrauded the federal government by submitting a false claim to the federal government and permit such individuals to share in any amounts paid by the entity to the government in fines or settlement. When an entity is determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties ranging from $5,500 to $11,000 for each false claim.

In addition, various states have enacted false claim laws analogous to the federal False Claims Act, although many of these state laws apply where a claim is submitted to any third-party payor and not merely a governmental payor program.

In Europe various countries have adopted anti-bribery laws providing for severe consequences, in the form of criminal penalties and/or significant fines, for individuals and/or companies committing a bribery offence. Violations of these anti-bribery laws, or allegations of such violations, could have a negative impact on our business, results of operations and reputation. For instance, in the United Kingdom, under the new Bribery Act of 2010, which went into effect in July 2011, a bribery occurs when a person offers, gives or promises to give a financial or other advantage to induce or reward another individual to improperly perform certain functions or activities, including any function of a public nature. Bribery of foreign public officials also falls within the scope of the Bribery Act of 2010. Under the new regime, an individual found in violation of the Bribery Act of 2010, faces imprisonment of up to 10 years. In addition, the individual can be subject to an unlimited fine, as can commercial organizations for failure to prevent bribery.

Physician Referral Prohibitions

Under a federal law directed at "self-referral," commonly known as the "Stark Law," there are prohibitions, with certain exceptions, on referrals for certain designated health services, including laboratory services, that are covered by the Medicare and Medicaid programs by physicians who personally, or through a family member, have an investment or ownership interest in, or a compensation arrangement with, an entity performing the tests. The prohibition also extends to payment for any testing referred in violation of the Stark Law. A person who engages in a scheme to circumvent the Stark Law's referral prohibition may be fined up to $100,000 for each such arrangement or scheme. In addition, any person who presents or causes to be presented a claim to the Medicare or Medicaid programs in violation of the Stark Law is subject to civil monetary penalties of up to $15,000 per bill submission, an assessment of up to three times the amount claimed and possible exclusion from participation in federal governmental payor programs. Bills submitted in violation of the Stark Law may not be paid by Medicare or Medicaid, and any person collecting any amounts with respect to any such prohibited bill is obligated to refund such amounts. Many states have comparable laws that are not limited to Medicare and Medicaid referrals.

Corporate Practice of Medicine

Numerous states have enacted laws prohibiting business corporations, such as us, from practicing medicine and employing or engaging physicians to practice medicine, generally referred to as the prohibition against the corporate practice of medicine. These laws are designed to prevent interference in the medical decision-making process by anyone who is not a licensed physician. For example, California's Medical Board has indicated that determining what diagnostic tests are appropriate for a particular condition and taking responsibility for the ultimate overall care of the patient, including providing treatment options available to the patient, would constitute the unlicensed practice of medicine if performed by an unlicensed person. Violation of these corporate practices of medicine laws may result in civil or criminal fines, as well as sanctions imposed against us and/or the professional through licensure proceedings. Typically such laws are only applicable to entities that have a physical presence in the state.

Segment and Geographical Information

We operate in one reportable business segment and currently derive revenue from the United States alone, although we have signed SaaS-based, multi-year agreements with OncoDNA, SA (Brussels, Belgium) and Sengenics, Pte., Ltd. (Singapore).

Employees

As of September 30, 2015, we had 13 full-time employees and one part-time employee. Of our regular employees, eight are in engineering/research and development, and four are in executive and administrative positions. Of the 13 regular employees, 10 hold advanced degrees, including PhDs, MDs and MBAs.

None of our employees is represented by a labor union or covered by a collective bargaining agreement.

Facilities

Our headquarters, encompassing our executive office and storage areas, is located in San Francisco, California. We have a primary lease for office space, consisting of 2,614 square feet, which expires August 31, 2017. We also rent storage/workspace areas on a monthly basis. Other than the equipment lease for copiers, we own all of the equipment used in our facilities. Such equipment consists primarily of computer related assets. We believe these facilities are sufficient to meet our current needs.

Research and Development

Our research and development, or R&D, efforts span a broad range of activities, including research into peer-reviewed published literature and databases, the development and publication of Molecular Disease Models, or MDMs, the creation of proprietary knowledge bases of medical and scientific content, the development of applications and user interfaces to access the knowledge bases, and the development of a suite of artificial intelligence-based tools that assist in the research, aggregation, organization, curating and updating of the knowledge bases.

We employ approximately eight full-time scientists and engineers in our R&D organization, supplemented by a number of contract consultants and interns. The expenses related to R&D resulted from the change in categorization of certain employee related expenses from Engineering to R&D. The efforts of our engineering group include supporting existing product offerings as well as developing future product offerings. We have segregated these expenses and reported expenses that make up the total R&D expenses for the respective fiscal periods.

Research and development expenses for continuing operations for fiscal 2015 and 2014 were $85,000 and $284,000, respectively. The decrease in research and development expenses in fiscal 2015 compared to fiscal 2014 reflected a higher level of effort on existing products than on products that had not yet been offered for sale.

We expect that R&D is and will be an essential part of our business, and that our absolute spending will remain at current levels or increase in the future.

Legal Proceedings

As of September 30, 2015, we had no pending material legal proceedings. From time to time, we may become involved in legal proceedings in the normal course of business and do not expect them to have a material adverse effect on our business.

COLLABRX'S MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with financial statements and related notes incorporated by reference in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those described in, or implied by, the forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed above in the section titled "Risk Factors" included elsewhere in this prospectus.

All references to "we," "us," the "Company" or "CollabRx" in this section refer to CollabRx, Inc., which changed its name to Rennova Health, Inc. effective November 2, 2015.

All share and per share values in this section do not reflect the 1 for 10 reverse stock split effective as of November 2, 2015.

Corporate Information

CollabRx, Inc., a Delaware corporation ("CollabRx," the "Company" or "we," "us," and "our"), is the renamed Tegal Corporation, ("Tegal"), which acquired a private company of the same name on July 12, 2012. Following approval by its stockholders on September 25, 2012, Tegal amended its charter and changed its name to "CollabRx, Inc." (the "Name Change").

Tegal was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Tegal's predecessor company was founded in 1972 and acquired by Motorola, Inc. in 1978. Tegal completed its initial public offering in October 1995.

Company Background

CollabRx (f/k/a Tegal) was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Until recently, the Company designed, manufactured, marketed and serviced specialized systems used primarily in the production of semiconductors and micro-electrical mechanical devices, including integrated circuits, memory devices, sensors, accelerometers and power devices. Beginning in late 2009, the Company experienced a sharp decline in revenues resulting from the collapse of the semiconductor capital equipment market and the global financial crisis. In a series of transactions from 2010 to 2012, the Company sold the majority of our operating assets and intellectual property portfolio. During the same time period, our Board of Directors evaluated a number of strategic alternatives, which included the continued operation of the Company as a stand-alone business with a different business plan, a merger with another company, a sale of the Company's remaining assets, and the liquidation or dissolution of the Company. The Company investigated opportunities within and outside the semiconductor capital equipment industry and evaluated a number of transactions involving other diversified technology-based companies. Throughout this process, The Company developed and refined our criteria for a business combination, with an eventual focus on the healthcare industry, and specifically information technology and services within the healthcare industry. In July 2012, the Company completed its acquisition of CollabRx (the "CollabRx Transaction"). Following approval by our stockholders on September 25, 2012, the Company amended its charter and changed our name to "CollabRx, Inc." (the "Name Change").

Overview of our Current Business

CollabRx, Inc. is entering the commercialization phase of our business. The Company is focused on developing and delivering content-rich knowledge-based products and services that inform healthcare decision-making, with an emphasis on genomics-based "precision" medicine and big data analytics. Our proprietary content is organized in a knowledge base that expresses the relationship between genetic profiles and therapy considerations including molecular diagnostics, medical tests, clinical trials, drugs, biologics, and other information relevant for cancer treatment planning. The Company has developed a method for capturing how practicing physicians use this information in the clinical setting, by incorporating within the knowledge base the views of a large network of independent key opinion leaders in medicine and medical research.

The Company searches publicly available databases as source documents for our knowledge base. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer ontology and literature. The Company aggregates, annotates and integrates these datasets for the purpose of defining the relationship of biomarkers to therapeutic strategies, drugs and clinical trials. None of the individual databases the Company utilizes as sources provide information on the interrelationships of these discrete elements. In addition, CollabRx has developed a process for incorporating the guidance of our network of physician and research advisors in the selection of the most relevant data for specific diagnoses, histopathology data, prior treatments and biomarkers represented within the knowledge base. The result of this software- and expert-assisted process is proprietary content which includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing. Although the process and results are proprietary, the Company always refers to the relevant source documentation that provides the support for the identification of an actionable biomarker, typically a peer-reviewed, published paper. In this way, the Company avoids the "black-box algorithm problem", which is prevalent in other companies' predictive analytical models, but is not currently a trusted methodology in medical practice. Our proprietary content is incorporated into our knowledge base, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services.

Our knowledge base contains no individual patient data, nor do our processes for providing content include the review by our network of independent experts of any individual test data. The physicians and researchers within our network of advisors have agreed to participate in our efforts for an indefinite term, on an uncompensated basis, and without a formal agreement. The board assignments, biographies and current affiliations of all of our advisors are posted on our website.

The Company currently delivers its proprietary content to users via web-based applications and services in the "cloud, " serving physicians and their patients in two settings: (i) at the point-of-care in the clinic and (ii) indirectly, as a part of a genetic test report provided to an ordering physician by a diagnostic testing laboratory, (i.e., the "lab"). Portions of our web-based applications are currently available free to physicians and patients through commercial on-line media partners. The content that the Company offers to laboratories is based on a "Software as a Service" or SaaS business model, in which its content is provided on a one-time, subscription or per test basis. The Company uses the term "cloud" to mean a product or service that can be delivered via the Internet, usually on a pay-for-use or subscription basis, versus the purchase and installation of enterprise-based software, which typically requires investments in both software and hardware, often also requiring large-scale customization efforts.

Our "Genetic Variant Annotation™" or "GVA" is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a "Next Generation Sequencing" ("NGS"), micro-array or similar testing platform. The test results provided to us contain no patient-identifiable information. The Company analyzes the test results for the purpose of identifying those alterations which the Company has annotated in advance as being "actionable" (i.e., related to a therapeutic strategy). The Company provides the testing lab with a report, incorporating specific information regarding identified biomarkers and associated therapeutic strategies for each, along with relevant drugs and clinical trials, to a level and in a format that The Company has agreed in advance with our customer. The Company is compensated for this service either on a per-test or on a volume-adjusted subscription basis. This service is not available to the public and is not available on our website.

Our Therapy Finder® products are a series of cancer-specific, web-based and mobile apps which are accessed by physicians and patients, usually in the physician's office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. They neither contain nor store any patient identifiable information. The advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders is partially supported by sponsorships and advertising revenue. They are available free of charge on our company website. Our aim is to make this tool widely available to help community physicians understand the relevance of biomarker testing and the availability of potential therapies for their advanced cancer patients.

The Company redesigned its Therapy Finders so that they could be accessed by physicians using the iOS operating system from Apple, Inc. via an iPhone or an iPad, and have named this mobile application “CancerRx.” CancerRx was co-developed with MedPage Today of Everyday Health, Inc., with the ownership of the application retained by CollabRx. A special feature of CancerRx is a daily oncology newsfeed from MedPage Today, all with real-time over the air updates. The Company launched CancerRx during the first fiscal quarter of fiscal year 2015.

Recently, we undertook a review of the software engineering and the biomedical and scientific basis of the Therapy Finders® and the related CancerRx mobile app in order to determine the feasibility of offering a replacement product that incorporates the breadth of data that we have accumulated since the initial development of those products in 2010, and which is easier to maintain with frequent updates. We expect to complete that review over the next several months. While we undertook the review in close collaboration with our on-line media partner, MedPage Today of Everyday Health, Inc., we temporarily suspended all or certain features of these products. On June 16, 2015, we terminated our exclusive agreement with MedPage Today / Everyday Health, Inc. We are in the process of updating Therapy Finders and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders on the CollabRx website.

The systems and approach that the Company has developed for knowledge aggregation, content creation and expert advisory management can be applied to many disease states, but the Company has chosen to focus initially on genomic medicine in cancer, which is sometimes referred to as “precision oncology.” This is an area of tremendous activity and promise, where clinical research in genomics has given rise to scores of “targeted” therapies that have proven in many cases to prolong the lives of cancer patients. The Company believe that oncology is also the area of greatest need, where physicians and patients lack convenient access to clear and easy-to-understand information about which drugs, tests and clinical trials should be considered in constructing a cancer treatment plan based on the genetic profile of a tumor. Our overall vision is that the Company is at the dawn of an era of explosive growth of data and information generated at the molecular level that must be interpreted and contextualized into knowledge before it can be used effectively by either physicians or patients. The Company regards this knowledge as being the most valuable portion of the molecular diagnostic process and the Company believes that all sectors of the healthcare industry, including providers, insurers, drug developers and patients are potential users of this knowledge. The Company aims to deliver its proprietary interpretive content as quickly as possible and in as many usable forms as possible, via the Internet.

The condensed financial statements have been prepared using the going concern basis, which assumes that the Company will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. The condensed financial statements are prepared in conformity with generally accepted accounting principles (“GAAP”).

Originally founded in 2008, CollabRx has developed clinical advisory networks, expert systems, proprietary tools and processes, and a pipeline of commercial data products and applications (“apps”) for cancer. CollabRx Therapy Finders™, the Company's first commercial product, provides sophisticated, credible, personalized, and actionable information to physicians and patients for rapidly determining which medical tests, therapies, and clinical trials may be considered in cancer treatment planning with a specific emphasis on the tumor genetic profile. CollabRx combined three unique elements to solidify its position in advance of commercialization, namely the creation of a highly specialized knowledge base, specialized software tools and applications and a large network of independent experts. CollabRx's staff of PhD-level molecular biologists has worked directly on the curation of our oncology-specific knowledge base for over five years and is supported by others on our team who are trained in molecular biology and bioinformatics, along with consultants, contractors and interns.

The Company does not believe that any of our current or planned products are subject to regulation by the United States Food and Drug Administration (the “FDA”) and other regulatory authorities worldwide. However, our business could be adversely affected by any increased regulation of our customers. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching our products or result in a decrease in demand for our products. Modifying our products to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our products obsolete or make new products or product enhancements more costly or time consuming than the Company currently anticipates. Failure by us or our customers to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our products fail to comply with government regulations or guidelines, the Company could incur significant liability or be forced to cease offering our applicable products or services.

In both domestic and foreign markets, sales by our customers may depend, in large part, upon the availability of reimbursement from third-party payers. These third-party payers include government healthcare programs such as Medicare, managed care providers, private health insurers, and other organizations. Physicians and patients may not order genomic test services or products from our customers unless commercial third-party payers and government payers pay for all, or a substantial portion, of the list price, and certain commercial third-party payers may not agree to reimburse our customers if Centers for Medicaid and Medicare Services ("CMS") does not issue a positive coverage decision. There is currently no national coverage decision that determines whether and how certain genomic tests are covered by Medicare. In the absence of a national coverage decision, local Medicare contractors that administer the Medicare program in various regions have some discretion in determining coverage and therefore payment for such tests. Accordingly, if our customers do not receive full or partial reimbursement for their tests, our revenue and results of operations could be adversely affected.

On November 22, 2011, the Company completed a $300 strategic investment in NanoVibronix, Inc., ("NanoVibronix") a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology which may be utilized for a variety of medical applications requiring low cost therapeutic ultrasound qualities. NanoVibronix is focused on creating products utilizing its unique, patented approach which enables the transmission of low-frequency, low-intensity ultrasound surface acoustic waves ("SAWs") through a variety of soft, flexible materials, including skin and tissue, enabling low-cost, breakthrough devices targeted at large, high-growth markets. The Company's investment in NanoVibronix was in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually, which matured on November 15, 2014. Our investment was intended to precede a possible merger of the two companies. However, those discussions were terminated by mutual agreement between the parties and NanoVibronix, Inc. continued to operate as a private company. NanoVibronix filed a registration statement with the Securities and Exchange Commission in connection with a proposed initial public offering. In connection with the planned offering, the parties agreed the Convertible Promissory Note will be converted into common stock of NanoVibronix.

On February 9, 2015 NanoVibronix filed a Form 10 with the SEC. On February 10, 2015, the series B-1 promissory note held by CollabRx was converted into Series B-1 preferred shares. Coincident with the effectiveness of this filing, the Series B-1 preferred shares held by CollabRx were converted into 204,507 shares of NanoVibronix common stock, representing 8.9% of the 2,289,682 shares of total common shares outstanding as of January 30, 2015.

During the fourth quarter of fiscal year 2015, the Convertible Promissory Note was converted into a cost investment on the Company's balance sheets at the carrying value of the note upon maturity. As of March 31, 2015, the Convertible Promissory Note balance was $399,000, consisting of the original $300,000 investment and $99,000 in accrued interest income. At that time, the Company believed the maturity date value of the Convertible Promissory Note approximated the fair value of the investment as of March 31, 2015, as NanoVibronix did not yet have an effective market price.

In May 2015, NanoVibronix, Inc. became a public company and the Company's Chief Executive Officer became a member of the NanoVibronix, Inc. Board of Directors. For the three and six months ended September 30, 2015, the Company recognized an increase in the estimated fair value of its investment in NanoVibronix, which it holds as long-term investments available-for-sale. The unrealized gain on this investment for the current three month period is $41,000. For the six months ended September 30, 2015, the unrealized gain on this investment is $460,000. For the three and six months ended September 30, 2014, the Company had no items of other comprehensive income (loss). Therefore the net loss in the prior period equaled the comprehensive loss for the three and six months ended September 30, 2014.

The unrealized gain for the six months ended September 30, 2015 reflects the share price of NanoVibronix on September 30, 2015 in excess of its cost basis. The NanoVibronix ticker symbol is "NAOV". While this stock is thinly traded, the share price is our best estimate of the fair value of this investment.

In September 2012, the Company changed its name to “CollabRx, Inc.” and the Company's common stock, which previously traded under the ticker symbol “TGAL” on the Nasdaq Capital Market, began trading under the new ticker symbol “CLRX”.

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. (“Medytox”) in a reverse merger transaction. Medytox is a holding company that owns and operates businesses in the medical services sector. Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology and comprehensive pain medication monitoring programs to physicians, clinics and rehabilitation facilities in the United States.

On April 15, 2015, we and Medytox entered into a definitive Agreement and Plan of Merger, which we filed as an exhibit to our Form 8-K filed on April 17, 2015.

Upon completion of the reverse merger transaction with Medytox Solutions, we expect to continue to operate CollabRx as an independent subsidiary, pursuing our current business strategy as a developer and marketer of medical information and clinical decision support products and services to oncologists. The additional management and financial resources that will be made available to us by Medytox Solutions will allow us to gain market share against our current and potential competitors, to expand our product offerings with additional interpretive content that supports ever more complex decision-making in the treatment of advanced cancers, to better support our large network of clinical advisors, and to develop new products that address emerging needs for oncology clinicians and researchers in pharmaceutical development.

In the event that Medytox Solutions decides to enter the genomic-based testing market through the acquisition or internal development of an NGS testing lab capability in cancer or another genomic-based disease area (such as hereditary diseases or pharmacogenomics), CollabRx is ideally suited, via our current and expanded GVA product-line, to provide the leading-edge tools needed to provide robust interpretation of those complex tests. In addition, the availability of additional resources for the marketing and promotion of our existing web-based and mobile decision support products will allow us to expand the use of our Therapy Finder and CancerRx products among oncology professionals, enhance awareness of our brand, and deliver more and better tools to physicians and patients alike.

During the six months ended September 30, 2014, the Company also received $23,000 from the sale of 7,101 shares through an at-the-market financing facility through Cantor Fitzgerald.

On February 25, 2015, the Company closed an underwritten public offering of 4,416,000 shares of its common stock offered at a public offering price of $1.25 per share and warrants to purchase an additional 4,416,000 shares of its common stock. The warrants have an exercise price of $1.18 per share. Gross proceeds to CollabRx from this offering were $5,520,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. The Company subsequently completed a second underwritten public offering of 2,716,535 shares of its common stock, which closed on March 3, 2015 at a public offering price of $1.27 per share. Gross proceeds to CollabRx from this follow up offering were $3,450,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx.

CollabRx anticipates using the net proceeds from the offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. In addition to the offerings of 7,132,535 shares of common stock, 186,066 warrants to purchase shares of common stock were issued to Aegis Capital Corporation. These warrants have an exercise price of $1.25 per share and expire February 25, 2020. Such securities could potentially dilute earnings per share in future periods. Previously deferred financing expenses incurred to raise equity capital related to financing transactions prior to the completion of the financing, as well as other related expenses incurred prior to the closing date of the public offerings in the prior fiscal year, were recognized at the closing date of the public offerings in the prior fiscal year and offset the gross proceeds raised. Total underwriting discount and financing expenses for both the S-1 and S-3 offerings were $1,035,000.

The Company continues to incur recurring losses from operations. Even though the Company has entered into the aforementioned agreement with Medytox, it must still prove its ability to generate sufficient levels of cash from its operations.

Discontinued Operations

Until recently, we designed, manufactured, marketed and serviced specialized plasma etch systems used primarily in the production of micro-electrical mechanical systems devices, such as sensors, accelerometers and power devices. Previously, we also sold systems for the etching and deposition of materials found in other devices, such as integrated circuits and optoelectronic devices found in products such as smart phones, networking gear, solid-state lighting, and digital imaging.

In a series of meetings in late May and early June 2009, our Board of Directors reviewed several basic strategic options presented by management, including investigating opportunities for the sale of the Company or its assets. In December 2009, having received no bona fide offers for the Company as a going concern, the Board and management agreed to continue operations and to offer selected asset groups to potential buyers.

On March 19, 2010, we completed the sale of the legacy Etch and PVD assets to OEM Group, Inc. We discontinued our development efforts in nano-layer deposition ("NLD") at the end of fiscal 2010, and began offering these assets for sale to third-parties. At the same time, we began the process of closing and/or liquidating all of our other wholly-owned subsidiary companies, including SFI and Tegal GmbH, along with branches in Taiwan, Korea and Italy. The subsidiaries were then included in discontinued operations.

On February 9, 2011, the Company and SPP Process Technology Systems Limited ("SPTS") entered into an Asset Purchase Agreement. That agreement included the sale of all of the shares of Tegal France, SAS, the Company's wholly-owned subsidiary and product lines and certain equipment, intellectual property and other assets relating to the Deep Reactive Ion Etch ("DRIE") systems and certain related technology. In accordance with generally accepted accounting principles, the DRIE business operations related to the designing, manufacturing, marketing and servicing of systems and parts within the semiconductor industry was presented in discontinued operations in our consolidated financial statements. Amounts for the prior periods were reclassified to conform to this presentation. The exit from the DRIE operation was essentially completed by the end of the fourth quarter of our 2011 fiscal year.

The assets and liabilities of discontinued operations are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations," respectively, in the accompanying consolidated balance sheets at March 31, 2015 and 2014, respectively, and consist of the following:

	March 31, 2015	March 31, 2014
Assets of Discontinued Operations:		
Accounts and other receivables, net of allowances for sales returns and doubtful accounts of $0	$ –	$ –
Prepaid expenses and other current assets	–	–
Total assets of discontinued operations	$ –	$ –
Liabilities of Discontinued Operations:		
Accrued expenses and other current liabilities	$ –	$ 5
Total liabilities of discontinued operations	$ –	$ 5

Discontinued operations consists of interest income from accounts related to discontinued operations, other income, gains and losses on the disposal of fixed assets of discontinued operations, gains and losses on foreign exchange, as well as the reclassification of net expenses associated with our exit from our historical core operations.

As of March 31, 2014, discontinued assets were eliminated with the final closure of the Company's foreign subsidiary. Discontinued liabilities are related to outstanding commission due. This commission is to be paid when the final documentation of the sale of the last two lots of patents is fulfilled.

During fiscal 2014, we recognized $365,000 from the sale of the last of our NLD patents. As these assets were internally developed, there was a corresponding zero book value. The NLD revenue was offset by related expenses of $98,000, resulting in a net gain, net of taxes, of $267,000. With this sale, the Company has no other intellectual property related to discontinued operations. Discontinued operations also included expenses related to the final closing of former foreign subsidiaries. In the three months ended June 30, 2013, the Company recognized a reclassification out of accumulated other comprehensive loss and into Loss from Discontinued Operations, net of taxes. The reclassification is related to the recognition of a non-cash loss of $142,000 from the foreign exchange differences from its former Tegal foreign subsidiaries, primarily as a result of the final closing of the former Tegal German subsidiary. The Company received permission to close the German subsidiary in June 2013. No further audits or reviews are anticipated by foreign taxing authorities. The Company also recognized a cash gain of $20,000 in discontinued operations as a result of final closing of bank accounts in its Italian subsidiary and a federal tax refund regarding discontinued operations, and a net $4,000 non-cash gain related to the write off of discontinued assets and liabilities in its foreign subsidiaries. An $8,000 tax refund from Sonoma county related to an unsecured property tax refund for 2010/2011 was also recognized in discontinued operations.

Total revenue from discontinued operations for fiscal years 2015 and 2014 was $0. The total net income from discontinued operations, including income tax expense (benefit), was $0 and $155,000, for the same years, respectively.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, bad debts, intangible and long lived assets, restructure expenses, deferred taxes and freight charged to customers. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We prepare the consolidated financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) which requires management to make certain estimates, judgments and assumptions that affect the reported amounts in the accompanying consolidated financial statements, disclosure of contingent assets and liabilities and related footnotes. Accounting and disclosure decisions with respect to material transactions that are subject to significant management judgment or estimates include but are not limited to revenue recognition, accounting for stock-based compensation, accounts for receivables and allowance for doubtful accounts and impairment of long-lived assets. Actual results may differ from these estimates under different assumptions or conditions. Critical accounting policies are defined as those that are required for management to make estimates, judgments and assumptions giving due consideration to materiality, in certain circumstances that affect amounts reported in the consolidated financial statements, and potentially result in materially different results under different conditions and assumptions. We based these estimates and assumptions on historical experience and evaluate them on an on-going basis to help ensure they remain reasonable under current conditions. Actual results could differ from those estimates.

We believe the following critical accounting policies are the most significant to the presentation of our consolidated financial statements:

Revenue Recognition and Deferred Revenue

Each contract sale of our interpretive data is evaluated individually in regard to revenue recognition. The Company has integrated in our evaluation the related guidance included in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition*. The Company recognizes revenue when persuasive evidence of an arrangement exists, the seller's price is fixed or determinable, delivery has occurred, and collectability is reasonably assured.

For arrangements that include multiple deliverables, the Company identifies separate units of accounting based on the guidance under ASC 605-25, *Multiple Element Arrangements*, which provides that revenue arrangements with multiple deliverables should be divided into separate units of accounting, if certain criteria are met. The consideration of the arrangement is allocated to the separate units of accounting using the relative fair value method. Applicable revenue recognition criteria are considered separately for each separate unit of accounting.

Revenue from fixed price contracts is recognized primarily under the percentage of completion method. Under this method the Company recognizes estimated contract revenue and resulting income based on costs incurred to date as a percentage of the total estimated costs as the Company considers this model to best reflect the economics of these contracts. In such contracts, the Company's efforts, measured by time incurred, typically represents the contractual milestones or output measure. If at any time during the contract period, the Company determines that a loss will occur, the Company recognizes the loss in that period. Furthermore, if in previous periods a profit was recognized under the percentage-of completion method, the profit would be reversed during the period the Company determined a loss on the contract exists.

Accounts Receivable – Allowance for Sales Returns and Doubtful Accounts

For fiscal years 2015 and 2014, the Company had zero reserves for potential credit losses as such risk was determined to be immaterial. The Company does not currently maintain an allowance for doubtful accounts receivable for potential estimated losses resulting from the inability of the Company's customers to make required payments. The Company believes no such reserve is currently required. The Company had zero write-offs during fiscal years 2015 and 2014. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

As of March 31, 2015, the balance in trade accounts receivable was $88,000. As of March 31, 2014, the balance in trade accounts receivable was $148,000.

As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance. As of March 31, 2014, four customers accounted for 100% of our trade accounts receivable balance.

As of September 30, 2015 and March 31, 2015, respectively, the Company had zero reserves for potential credit losses as such risk was determined to be insignificant. The Company does not currently maintain an allowance for doubtful accounts receivable for potential estimated losses resulting from the inability of the Company's customers to make required payments. The Company believes no such reserve is currently required. The Company had zero write-offs during the periods presented. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

Fair Value Measurements

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the Company considers what assumptions market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

- Level 2: Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

- Level 3: Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. Our financial instruments consist primarily of money market funds. At March 31, 2015, all of our current assets in financial instruments investments were classified as cash equivalents in the consolidated balance sheet. The investment portfolio at March 31, 2014 was comprised of money market funds. As of March 31, 2015, our cash equivalents total $7,521,400. The carrying amounts of our cash equivalents are valued using Level 1 inputs. The Company uses the Black-Scholes option pricing model as its method of valuation for warrants that are subject to warrant liability accounting. The determination of the fair value as of the reporting date is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables which could provide differing variables. These variables include, but are not limited to, expected stock price volatility over the term of the security and risk free interest rate. In addition, the Black-Scholes option pricing model requires the input of an expected life for the securities for which we have estimated based upon the stage of the Company's development. The fair value of the warrant liability is revalued each balance sheet date utilizing the Black-Scholes option pricing model computations with the decrease or increase in the fair value being reported in the Consolidated Statement of Operations as other income, net. A significant increase (decrease) of any of the subjective variables independent of other changes would result in a correlated increase (decrease) in the liability and an inverse effect on net income. We also had warrant liabilities which are valued using Level 3 inputs. In addition, the Company values its equity investment in Nanovibronix using Level 3 inputs. As of September 30, 2015, the investment balance of $859,000 included in the condensed balance sheets is considered Level 2 and is remeasured on a recurring basis. The value of money market funds was immaterial at September 30, 2015.

Intangible Assets and Goodwill

Intangible assets include patents, trade names, software, non-compete agreements, customer relationships and trademarks that are amortized on a straight-line basis over periods ranging from three to ten years. The Company performs an ongoing review of its identified intangible assets to determine if facts and circumstances exist that indicate the useful life is shorter than originally estimated or the carrying amount may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of identified intangible assets by comparing the projected undiscounted net cash flow associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. As of March 31, 2015, the Company's remaining intangible assets, not including those related to the acquisition of CollabRx, were internally developed, which have a carrying value of zero. Currently the Company expenses all costs incurred to renew or extend the term of a recognized intangible asset.

Impairment of Long-Lived Assets

During the quarter ended March 31, 2015, we reviewed our long-lived assets for indicators of impairment in accordance with ASC 360 “Property, Plant and Equipment” and ASC 350 “Intangibles – Goodwill and Other”. Based on reduced estimates of future revenues related to certain acquired assets, we identified a potential indicator of impairment. At the end of the fourth quarter of fiscal year 2015, the Company determined that a large portion of the remaining net book value of the developed software product, and customer relationship acquired in the original CollabRx, Inc. merger should be impaired. Since the CollabRx acquisition in June 2012, the basis for the Company's future growth and profitability has changed materially and is no longer as based on much of the acquired assets. The Company therefore recognized a $571,000 impairment charge, which included $415,000 for developed technology and $156,000 for customer relationships,. No impairment charges for intangible assets were recorded for the fiscal year ended 2014.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable as well as at fiscal year end. If undiscounted expected future cash flows are less than the carrying value of the assets, an impairment loss is recognized based on the excess of the carrying amount over the fair value of the assets. An impairment of $571,000 was recognized in the fiscal year ended 2015. We also determined that the useful lives of the intangible assets developed technology and customer relationships are shorter than originally estimated. No impairment charges for intangible assets were recorded for the fiscal year ended 2014 since all of our historical intangible assets, other than those related to NLD and Compact, were included in the asset sale of the DRIE product line to SPTS. As our NLD patents and intellectual property were all internally developed (except for those acquired in connection with the Simplus acquisition, which were subsequently written-off) the value of our NLD technology had no recorded value prior to sale, respectively.

Long-lived assets also consist of property and equipment. We recorded disposal losses of $0 for property and equipment for the fiscal years ended March 31, 2015 and 2014, respectively. The Company recorded $4,000 and $0 in disposal losses for fixed assets for the three months ended June 30, 2015 and 2014, respectively.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (“ASC 740”), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Under ASC 740, the liability method is used in accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized. The Company evaluates annually its ability to realize our deferred tax assets by assessing our valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization include our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. In 2015 and 2014, the Company has recorded a full valuation allowance for our deferred tax assets based on our past losses and uncertainty regarding our ability to project future taxable income. In future periods, if the Company is able to generate income the Company may reduce or eliminate the valuation allowance.

Accounting for Stock-Based Compensation

We have adopted several stock plans that provide for issuance of equity instruments to our employees and non-employee directors. Our plans include incentive and non-statutory stock options and restricted stock awards. These equity awards generally vest ratably over a four-year period on the anniversary date of the grant, and stock options expire ten years after the grant date. Certain restricted stock awards may vest on the achievement of specific performance targets. The estimates and judgments used in calculating stock-based compensation include the use of expected volatility, forfeiture and interest risk free rates, the expected term of options and the use of the Black-Scholes pricing model. The Company does not pay dividends.

Results of Operations

The following table sets forth certain financial items for the years indicated (in thousands):

	Year Ended March 31,	
	2015	2014
Revenue	$ 498	$ 658
Cost of revenue	72	158
Gross profit	426	500
Operating expenses:		
Engineering	2,087	1,714
Research and development	85	284
Sales and marketing	293	271
General and administrative	2,828	1,819
Intangible asset impairment	571	–
Total operating expenses	5,864	4,088
Operating loss	(5,438)	(3,588)
Other income (expense), net	(27)	40
Loss before income tax benefit	(5,465)	(3,548)
Income tax benefit	(301)	(79)
Loss from continuing operations	(5,164)	(3,627)
Net income from discontinued operations, net of taxes	–	155
Net loss	$ (5,164)	$ (3,427)
Net loss per share from continuing operations:		
Basic and diluted	$ (1.52)	$ (1.77)
Net income per share from discontinued operations:		
Basic and diluted	$ –	0.08
Net loss per share:		
Basic and diluted	$ (1.52)	$ (1.69)
Weighted-average shares used in per share computation:		
Basic and diluted	3,387	1,965

The following table sets forth certain financial items for the quarters indicated (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
Revenue	$ 116	$ 176	$ 224	$ 240
Cost of revenue	26	18	52	36
Gross profit	90	158	172	204
Operating expenses:				
Engineering	521	539	1,070	1,081
Research and development	–	32	21	82
Sales and marketing	59	73	169	153
General and administrative	474	553	1,227	1,197
Total operating expenses	1,054	1,197	2,487	2,513
Operating loss	(964)	(1,039)	(2,315)	(2,309)
Other income (expense)	(3)	2	(10)	9
Loss before income tax benefits	(967)	(1,037)	(2,325)	(2,300)
Income tax benefit	(11)	(21)	(24)	(36)
Loss from continuing operations	(956)	(1,016)	(2,301)	(2,264)
Other comprehensive income	41	–	460	–
Comprehensive loss	$ (915)	$ (1,016)	$ (1,841)	$ (2,264)
Net loss per share				
Basic and diluted	$ (0.09)	$ (0.35)	$ (0.22)	$ (1.01)
Weighted-average shares used in per share computation:				
Basic and diluted	10,487	2,929	10,478	2,245

Revenue

Revenue for fiscal year 2015 decreased by $160,000 compared to fiscal year 2014. The decrease relates to performance of a one-time milestone agreement with Life Technologies in fiscal year 2014. While the Company did not have such a contract in fiscal year 2015, comparison of our same type only sales increased by approximately $190,000 in fiscal year 2015. Revenue for fiscal year 2014 increased by $258,000 compared to fiscal year 2013. The increase relates to our acquisition of CollabRx and the generation of revenue in connection with commercial agreements.

As a percentage of total revenue for both the fiscal years 2015 and 2014, international sales were 0%. We expect our international sales will account for a significant portion of future revenue once our commercialization activities become more widely accepted.

Revenue for the three month period ended September 30, 2015 decreased by $60,000 compared to the three month period ended September 30, 2014. Revenue for the six month period ended September 30, 2015 decreased by $16,000 compared to the six month period ended September 30, 2014. Revenues in fiscal 2014 were derived primarily from the Company's first multiple-element arrangement with a strategic customer. This arrangement began in fiscal year 2013 and expired in fiscal year 2014. Revenues in fiscal 2015 and fiscal 2016 were derived from multiple customer SaaS service agreements, a royalty agreement, advertising revenues and testing fees.

As a percentage of total revenue for each of the three and six months ended September 30, 2015 and 2014, international sales were an immaterial portion of total revenues. As a percentage of total revenue for the three and six months ended September 30, 2013, international sales were 0%.

Gross Profit

Gross profit for the year ended March 31, 2015 decreased $74,000 from our gross profit of $500,000 for the year ended March 31, 2014. The decrease in our gross profit for the year ended March 31, 2015 primarily related to the one-time milestone agreement with Life Technologies in fiscal year 2014, which was offset by the continuing initial commercialization activities of CollabRx represented new and renewing customers. Gross profit for the year ended March 31, 2014 increased $156,000 from our gross profit for the year ended March 31, 2013. The increase in our gross profit for the year ended March 31, 2014 was primarily generated by the agreements with Life Technologies, Inc. and Everyday Health, Inc.

Our gross profit percentage for the year ended March 31, 2015 was 86% and primarily reflects the impairment of our product specific software, which was acquired through the CollabRx merger. Our gross profit percentage for the year ended March 31, 2014 was 76% and reflects specific customer related expenses and the amortization of our product specific software, which was included in the CollabRx merger.

At the present time our core operations consist of the development and commercial application of the CollabRx technology and content. We offer cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer.

Gross profit for the three and six months ended September 30, 2015 decreased by $68,000 and $32,000 compared to the three and six months ended September 30, 2014. Our gross profit reflects the amortization of the Company's product specific software, which was included in the CollabRx acquisition. Any engineering expenses related to revenue are also included in cost of revenue. For the three and six months ended September 30, 2015 there was no additional engineering expenses included in cost of revenue.

Our gross margin for the three and six months ended September 30, 2015 was 77.6% and 76.8%, respectively. Our gross margin for the three and six months ended September 30, 2014 was 89.8% and 85.0%, respectively. These periods included revenue solely derived from our genomics based information products. The amortization of acquired software is included in cost of goods.

Engineering

Engineering expenses consist primarily of salaries. Our engineering expenses increased to $2,087,000 in fiscal year 2015 from $1,714,000 in fiscal 2014, and primarily resulted from employee related expenses. A portion of certain employee related engineering expenses are re-categorized from engineering to research and development. (See “Research and Development” below.) The increase in engineering expenses in fiscal year 2015 compared to fiscal year 2014 was due primarily to salary and stock compensation expense, which were offset by lower recruiting expenses.

The increase of $1,047,000 in Engineering expenses in fiscal year 2014 compared to fiscal year 2013 was due primarily to salary and stock compensation expense as the Company had only three quarters of Engineering expenses in fiscal year 2013 compared to four quarters of Engineering expenses in fiscal year 2014. In addition, the change reflects increases in recruiting, rent and subscription expenses.

Engineering expenses consist primarily of salaries. The decrease in Engineering expense of $18,000 and $11,000 for the three and six months ended September 30, 2015, compared to the same period in 2014, reflected lower salary and stock compensation expenses offset by higher recruiting and outside services expenses and a reduced level of effort focused on existing products than on products that had not yet been offered for sale.

We define “engineering” as those development activities that are related to products, content or services which have been offered for sale or for which we have been paid. We define “R&D” as those development activities which are not related to products which have been offered for sale or for which we have been paid.

Research and Development

The expenses related to research and development (“R&D”) are primarily the result of allocations from Engineering. The efforts of our engineering group include supporting existing product offerings as well as developing future product offerings. We have segregated these expenses and reported expenses that make up R&D expenses for the three and six months ended September 30, 2015 and 2014, respectively.

The decrease in R&D expenses of $199,000 in fiscal year 2015 compared to fiscal year 2014 and $252,000 in fiscal year 2014 compared to fiscal year 2013 is related to the efforts of Engineering being directed to supporting new customer offerings.

For the fiscal years ended March 31, 2014, the Company's discontinued R&D expenses related to the NLD product line, the assets of which were held for sale and subsequently sold to third parties, were included in discontinued operations.

For the fiscal year ended March 31, 2015, we had no employees dedicated to R&D.

The decrease of R&D expense of $32,000 and $61,000 for the three and six months ended September 30, 2015, compared to the same period in 2014 reflects the focus of development activities on products offered for sale, as opposed to those that may be offered in the future.

The launch of the Genetic Variant Annotation Service in August 2013 and the CancerRx mobile app in May 2014 significantly lowered the amount of effort being devoted to future products. Extensions or improvements to the Therapy Finders, CancerRx mobile app and the GVA, along with fee-for-service development activities are all now assigned as Engineering expenses rather than R&D. The Company has temporarily suspended its development of Therapy Finders.

Sales and Marketing

Sales and marketing expenses consist primarily of employee related expenses. Our sales and marketing expenses increased to $293,000 in fiscal 2015 from $271,000 in fiscal 2014. The increase was due primarily to salary and stock compensation expense in the current fiscal year. Our sales and marketing expenses increased to $271,000 in fiscal 2014 from $257,000 in fiscal 2013. The increase was due primarily to salary and stock compensation expense as the Company had only three quarters of sales and marketing expenses in Sales and Marketing in fiscal year 2013 compared to four quarters in fiscal year 2014. The increase in salary and stock compensation expense was offset by a decrease in outside services. For the three and six months ended September 30, 2015, sales and marketing expenses decreased by $14,000 and increased by $16,000, respectively, primarily due to the engagement of a strategic marketing consultant in the current fiscal year. This expense was offset by the unrelated departure of our Vice President of Strategic Business Development at the end of April 2015. The Company expects to fill this position later in the fiscal year.

General and Administrative

General and administrative expenses consist of salaries, legal, accounting and related administrative services and expenses associated with general management, finance, information systems, human resources and investor relations activities. General and administrative expenses increased to $2,828,000 in fiscal year 2015 compared to $1,819,000 for fiscal year 2014. The increase was due primarily to increased consulting, stock-based compensation and merger related expenses in the current fiscal year.

General and administrative expenses decreased by $1,160,000 in fiscal year 2014 compared to fiscal year 2013. The decrease was due primarily to the acquisition costs and cash bonuses for key employees paid in the prior year. Acquisition costs related to CollabRx included expenses for legal, accounting and consulting services.

General and administrative expenses consist of salaries, legal, accounting and related administrative services and expenses associated with general management, finance, information systems, human resources and investor relations activities. The decrease in general and administrative expenses of $79,000 for the three month period ended September 30, 2015, compared to the same period in 2014 was due primarily to decreases in outside services, consulting and stock related compensation expenses, partially offset by increases in compensation. The decrease in expenses reflects the higher merger related activities expenses in the first quarter.

The increase in general and administrative expenses of $30,000 for the six month period ended September 30, 2015, compared to the same period in 2014 was due primarily to increases in an employee bonus for a key employee, and legal expenses which were offset by decreases in consulting, Delaware franchise taxes and stock related compensation expenses.

Intangible Asset Impairment

During the quarter ended March 31, 2015, the Company determined that a large portion of the remaining net book value of the developed technology software product and customer relationship acquired in the original CollabRx, Inc. merger should be impaired. The Company therefore recognized a total of $571,000 in impairment charges, which included $415,000 for developed technology and $156,000 for customer relationships. No impairment charges for intangible assets were recorded for the fiscal year ended 2014.

For the three and six months ended September 30, 2015 and 2014, respectively, no impairment of intangible assets was recognized.

Other Income (Expense), net

Other income (expense), net consists of the change in fair value of the common stock warrant liability, the interest earned on our NanoVibronix investment, and the interest accrued on our note payable. The increase in other expense in fiscal year 2015 is primarily related to municipal payroll taxes. The change in Other income (expense) in fiscal year 2014 to fiscal year 2013 was flat.

Other income (expense), net consists of the interest earned on our NanoVibronix investment, and the interest accrued on our note payable. With the conversion of the NanoVibronix promissory note into equity, the Company no longer recognizes any related interest due. The Other income expense for the three and six months ended September 30, 2015 is solely interest expense on our note payable.

The change in the estimated fair value of our converted NanoVibronix investment is included in other comprehensive income.

Income Taxes

As a result of the stock purchase of CollabRx during the fiscal year ended March 31, 2013, we had no tax basis in the intangible assets acquired. During the years ended March 31, 2015 and 2014, respectively, we recognized $301,000 and $79,000 in tax benefit as a result of this difference.

During the year ended March 31, 2015, there was no income tax expense or benefit for federal and state income taxes reflected in our consolidated statements of operations due to our net loss and a valuation allowance on the resulting deferred tax asset.

During the years ended March 31, 2015 and 2014, respectively, we recognized $27,000 and $2,000 in payroll tax expense related to being located in the City of San Francisco.

In fiscal 2015, our effective tax rate was (2%). In fiscal 2014 our effective tax rate was (2%). All deferred tax assets have been fully reserved.

As of March 31, 2015, the Company had net operating loss carryforwards of approximately $118.2 million and $50.4 million for federal and state tax purposes, respectively. The federal net operating loss carryforward will begin to expire in the year ending March 31, 2020 and the state of California net operating loss carryforward began to expire in the year ended March 31, 2013. As of March 31, 2015, the Company also had research and experimentation credit carryforwards of $0.9 million and $0.9 million for federal and state income tax purposes, respectively. A portion of the federal credit began to expire in the year ended March 31, 2012 and the state of California will never expire under current law. Net operating loss carryforwards and R&D credits can only offset 90% of state taxable income.

As a result of the acquisition of CollabRx by stock purchase, the Company had no tax basis in the intangible assets acquired. During the three and six months ended September 30, 2015, the Company recognized $17,000 and $40,000 in each period, respectively in tax benefit as a result of this difference.

During the three and six months ended September 30, 2014, the Company recognized $21,000 and $41,000 in each period, respectively, in tax benefit as a result of this difference.

Due to our net loss during the three and six months ended September 30, 2015 and 2014, respectively, and the aforementioned valuation allowance on the resulting deferred tax asset, the Company recognized no federal or state income taxes in our condensed statements of operations for the three and six months ended September 30, 2015 and 2014, respectively. Both federal and state income taxes due reflected our net loss and a valuation allowance on the resulting deferred tax asset.

The Company did however recognize $6,000 and $16,000 for city taxes and the annual minimum amount due for state income taxes in the three and six months ended September 30, 2015, respectively. The increase in other expense fiscal year 2015 is primarily related to municipal payroll taxes.

The Company recognized $5,000 in city taxes and the state's annual minimum amount due for state income taxes in the six month period ended September 30, 2014.

As of March 31, 2015, the Company had net operating loss carry forwards of approximately $118.2 million and $50.4 million for federal and state tax purposes, respectively. The federal net operating loss carry forward will begin to expire in the year ending March 31, 2020 and the state of California net operating loss carry forward began to expire in the year ended March 31, 2013. As of March 31, 2015, the Company also had research and experimentation credit carry forwards of $0.9 million and $0.9 million for federal and state income tax purposes, respectively. A portion of the federal credit began to expire in the year ended March 31, 2012 and the state of California will never expire under current law. Net operating loss carry forwards and R&D credits can only offset 90% of state taxable income.

Other Comprehensive income

We recognize our investment in NanoVibronix as long-term investments available-for-sale. The Company recognized a $41,000 and $460,000 unrealized gain on these securities in the three and six months ended September 30, 2015, respectively. The unrealized gain reflects the share price of NanoVibronix on September 30, 2015 in excess of its cost basis. The NanoVibronix ticker symbol is “NAOV”. While this stock is thinly traded, the share price is our best estimate of the fair value of this investment.

Contractual Obligations

The following summarizes our contractual obligations at March 31, 2015, and the effect such obligations are expected to have on our liquidity and cash flows in future periods (in thousands).

Contractual obligations:	Total	Less than 1 Year	1 - 3 Years	3-5 Years	After 5 Years
Promissory note payable	$ 500	$ 167	$ 333	$ –	$ –
Interest due on convertible promissory note payable	71	41	30	–	–
Non-cancelable operating lease obligations	309	126	183	–	–
Total contractual cash obligations	$ 880	$ 334	$ 546	$ –	$ –

Prior to the sale of our legacy Etch and PVD assets to OEM Group and the sale of our DRIE assets to SPTS, certain of our sales contracts included provisions under which customers would be indemnified by us in the event of, among other things, a third-party claim against the customer for intellectual property rights infringement related to our products. There are no limitations on the maximum potential future payments under these guarantees. We have accrued no amounts in relation to these provisions as no such claims have been made and we believe we have valid, enforceable rights to the intellectual property embedded in our products.

The following summarizes our contractual obligations as of September 30, 2015, and the effect such obligations are expected to have on our liquidity and cash flows in future periods (in thousands).

Contractual obligations:	Total	Less than 1 Year	1 - 3 Years
Promissory note payable	$ 333	$ 167	$ 166
Interest due on convertible promissory note payable	30	20	10
Non-cancelable operating lease obligations	246	127	119
Total contractual cash obligations	$ 609	$ 314	$ 295

Most leases provide for the Company to pay real estate taxes and other maintenance expenses. Rent expense for operating leases related to continuing operations, net of any sublease income, was $30,000 and $62,000 during the three and six months ended September 30, 2015, respectively. Rent expense for operating leases, net of sublease income was $33,000 and $65,000 during the three and six months ended September 30, 2014, respectively.

Certain of our past sales contracts included provisions under which customers would be indemnified by us in the event of, among other things, a third party claim against the customer for intellectual property rights infringement related to our products. There are no limitations on the maximum potential future payments under these guarantees. The Company has accrued no amounts in relation to these provisions as no such claims have been made, and the Company believes it has valid, enforceable rights to the intellectual property embedded in our products.

Liquidity and Capital Resources during the year ended March 31, 2015 compared to the year ended March 31, 2014

For the year ended March 31, 2015, we financed our operations from the net proceeds raised from separate underwritten public offerings which closed in the first and fourth quarters of our fiscal year 2015 and existing cash on hand. Net cash used in operating activities during fiscal year 2015 was $3,565,000. The primary changes in our cash flow statement for fiscal year 2015 were due to our net loss of $5,164,000 and the impairment taken against intangible assets, partially offset by stock compensation expense, amortization and impairment expense, and the changes in deferred financing costs and accrued expenses.

For the year ended March 31, 2014, we financed our operations from existing cash on hand and the net proceeds from the sale of discontinued assets. Net cash used in operating activities during fiscal year 2014 was $2,431,000. The primary changes in our cash flow statement for fiscal year 2014 were due to our net loss of $3,314,000, partially offset by stock compensation expense, amortization expense, and the recognition of a non-cash loss of foreign exchange differences in the amount $142,000 from former subsidiaries related to discontinued operations.

The Company's net loss increased in fiscal 2015 compared to fiscal 2014 primarily due to increased consulting and merger related expenses and increased employee related expenses, primarily related to new hires in Engineering and the impairment charge taken against intangible assets and goodwill in Other income/(expense), net.

During the two years presented, we were transitioning from the operations of a newly acquired business to supporting a more fully formed organization prepared to position itself in its new marketplace. The major difference between the two fiscal years was an increased need for cash for Engineering and R&D operations as well as the need for cash for G&A, following the merger decision with Medytox Solutions. Fiscal year 2014 included net cash generated from the sale of the last two patents related to discontinued operations.

Net cash used in investing activities totaled ($17,000) and ($22,000), in fiscal years 2015 and 2014, respectively. Cash used in fiscal 2015 was related to the acquisition of computer equipment and furniture. Cash used in fiscal 2014 was related to the acquisition of property and equipment, primarily computer equipment.

Net cash provided by financing activities totaled $9,673,000 and $6,000, in fiscal years 2015 and 2014, respectively.

On February 25, 2015, the Company closed an underwritten public offering through an S-1 filing of 4,416,000 shares of its common stock offered at a public offering price of $1.25 per share. Gross proceeds to CollabRx from this offering were $5,520,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. The Company followed the successful S-1 offering with an underwritten public offering through an S-3 filing of 2,716,535 shares of its common stock which closed on March 3, 2015 at a public offering price of $1.27 per share. Gross proceeds to CollabRx from this follow up offering were $3,450,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx.

Aegis Capital Corporation acted as the sole book-running manager for both offerings. In addition to the offering of a total of 7,132,535 shares of common stock through its recent S-1 and S-3 filings, shareholders were offered 4,416,000 warrants to purchase shares of common stock in connection with the February 25, 2015 offering. These warrants have an exercise price of $1.18 per share. In addition 186,066 warrants to purchase shares of common stock were issued in connection with this offering, and were sold to Aegis Capital Corporation for one hundred dollars. These warrants have an exercise price of $1.25 per share and expire February 25, 2020. Such securities could potentially dilute earnings per share in future periods. Previously deferred financing expenses incurred to raise equity capital related to financing transactions prior to the completion of the financing, as well as other related expenses incurred in the fiscal year 2015, were recognized in the fiscal year 2015 and offset the gross proceeds raised. Total underwriting discount and financing expenses for both the S-1 and S-3 offerings were $1,035,000. As of June 26, 2015, 160,000 warrants have been exercised and are included in the number of shares outstanding.

On June 25, 2014, the Company closed an underwritten public offering of 913,500 shares of its common stock, offered at a public offering price of $2.00 per share. Gross proceeds to CollabRx from this offering were $1,827,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. CollabRx anticipates using the net proceeds from the offering for general corporate purposes, including development of their products and services, general and administrative expenses and working capital. Aegis Capital Corp. acted as the sole book-running manager for the offering. In addition to the offering of 913,500 shares of common stock, 27,405 warrants to purchase shares of common stock were issued in connection with this offering. These warrants have an exercise price of $2.50 per share and were not exercisable until June 24, 2015 and expire June 24, 2020. Such securities could potentially dilute earnings per share in future periods. Previously deferred financing expenses incurred to raise equity capital related to financing transactions prior to the completion of the financing, as well as other related expenses incurred in the fiscal year 2015, were recognized in the fiscal year 2015 and offset the gross proceeds raised. Total underwriting discount and financing expenses were $478,000.

Through the June offering, the Company netted $1,641,000 of the gross proceeds of $1,827,000 before additional financing expenses.

Cash provided in fiscal 2014 was related to the sale of stock from an at market distribution plan (At Market Distribution Plan 2014) as a result of the Company's filing of an S-3 in its third quarter for the prior fiscal year.

CollabRx anticipates using the net proceeds from the fiscal year 2015 offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. The consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company continues to incur recurring losses from operations. Even though the Company has entered into the aforementioned agreement with Medytox, it must still prove its ability to generate sufficient levels of cash from its operations. We believe that our existing cash and cash equivalents will be adequate to fund the Company's operations requirements and obligations through the second quarter of fiscal year 2017. The Company expects the Loan Agreement with Medytox and the proposed business combination will provide financing that will sustain the Company's operations until the Company can achieve profitability and positive cash flows.

If the Company is not able to achieve profitability and positive cash flows, the Company may not be able to continue the operation of its business. It is not possible to predict when our business and results of operations will improve.

Liquidity and Capital Resources during the six months ended June 30, 2015 compared to the six months ended June 30, 2014

For the six months ended September 30, 2015 and 2014, respectively, the Company financed its operations from existing cash on hand and the net proceeds raised from separate underwritten public offerings which closed on June 25, 2014, February 25, 2015 and March 3, 2015. Net cash used in operating activities during the six months ended September 30, 2015 was $2,335,000. The primary changes in our cash flow statement for the six months ended September 30, 2015 compared to the corresponding period in the prior fiscal year were due to our net loss of $2,301,000 and changes in accounts payable and accrued expenses as well as the first installment payment of principle and accrued interest on the promissory note payable, partially offset by changes in stock-based compensation, and amortization of intangibles. Net cash used in operating activities during the six months ended September 30, 2014 was $1,649,000, due primarily to our net loss of $2,264,000, partially offset by changes in stock compensation expense, amortization of intangibles, deferred financing expenses of the Company's recent round of new financing and changes in accounts receivable and prepaid expenses.

The condensed financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company incurred comprehensive losses of $1,841,000 for the six months ended September 30, 2015. The Company's existing cash and cash equivalents are expected to be adequate to fund the Company's operations requirements and obligations through the second quarter of its fiscal year 2017.

Net cash used in investing activities totaled ($16,000) and ($17,000), in the six months ended September 30, 2015 and 2014, respectively. Cash used in fiscal years 2015 and 2016 was related to the acquisition of computer equipment and furniture.

Net cash flows from financing activities totaled ($167,000) and $1,370,000 for the six months ended September 30, 2015 and 2014, respectively.

On June 25, 2014, the Company closed an underwritten public offering of 913,500 shares of its common stock, offered at a public offering price of $2.00 per share. Gross proceeds to CollabRx from this offering were $1,827,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. In addition to the offering of 913,500 shares of common stock, 27,405 warrants to purchase shares of common stock were issued in connection with this offering. These warrants have an exercise price of $2.50 per share and are not exercisable until June 24, 2015 and expire June 24, 2020. Such securities could potentially dilute earnings per share in future periods. Total underwriting discount and financing expenses were $480,000. The Company netted $1,347,000 after underwriting expenses.

During the six months ending September 30, 2014, the Company also received $23,000 from the sale of 7,101 shares through an at-the-market financing facility through Cantor Fitzgerald.

On February 25, 2015, the Company closed an underwritten public offering through an S-1 filing of 4,416,000 shares of its common stock offered at a public offering price of $1.25 per share. Gross proceeds to CollabRx from this offering were $5,520,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. The Company followed the S-1 offering with an underwritten public offering through an S-3 filing of 2,716,535 shares of its common stock which closed on March 3, 2015 at a public offering price of $1.27 per share. Gross proceeds to CollabRx from this follow up offering were $3,450,000 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx.

Aegis Capital Corporation acted as the sole book-running manager for all three offerings. In addition to the offering of a total of 7,132,535 shares of common stock through its recent S-1 and S-3 filings, shareholders were offered 4,416,000 warrants to purchase shares of common stock in connection with the February 25, 2015 offering. These warrants have an exercise price of $1.18 per share. In addition 186,066 warrants to purchase shares of common stock were issued in connection with this offering, and were sold to Aegis Capital Corporation for one hundred dollars. These warrants have an exercise price of $1.25 per share and expire February 25, 2020. Such securities could potentially dilute earnings per share in future periods. Total underwriting discount and financing expenses for both the S-1 and S-3 offerings were $1,035,000. As of September 30, 2015, 160,000 warrants have been exercised and are included in the number of shares outstanding.

CollabRx anticipates using the net proceeds from the offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. The audited consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company continues to incur recurring losses from operations.

If the Company is not able to achieve profitability and positive cash flows, the Company may not be able to continue the operation of its business. It is not possible to predict when our business and results of operations will improve.

Off-Balance Sheet Arrangements

The Company does not currently have, nor has it ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, the Company does not engage in trading activities involving non-exchange traded contracts.

Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the IASB has issued IFRS 15, Revenue from Contracts with Customers. The issuance of these documents completes the joint effort by the FASB and the IASB to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and IFRS. The new guidance affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. The Company will continue to evaluate this newly issued guidance.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Sub Topic 205-40) - Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU2014-15 clarifies principles and definitions that may be used by an organization's management for disclosures that are currently made available in financial statement footnotes. Presently, U.S. GAAP does not provide an organization's management guidance regarding its responsibility to assess whether substantial doubt exists regarding the ability to continue as a going concern or to prepare related footnote disclosures. Instead, auditors are responsible for assessing an entity's ability to continue as a going concern under AU-C 570. ASU 2014-15 will move this responsibility to management. ASU 2014-15 will require management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for one year from the date the financial statements are issued. ASU 2014-15 is effective for annual periods ending after December 15, 2016 to allow the auditing guidance to catch up with this change. ASU No. 2014-15 affects all companies and nonprofits and early application is allowed. The Company is currently evaluating the impact of adopting this new guidance on our condensed financial statements.

In April 2015, the FASB issued ASU 2015-05, *Intangibles Goodwill and Other – Internal Use Software (Sub Topic 350-40) – Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* ASU 2015-05 provides explicit guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU 2015-05 is effective for public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. An entity can elect to adopt the amendments either prospectively for all arrangements entered into or materially modified after the effective date, or retrospectively. Early adoption is permitted for all entities. The Company is currently evaluating the impact of adopting this new guidance on our condensed financial statements.

Quantitative and Qualitative Market Risk Disclosure

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates.

Foreign Currency Exchange Risk

As of March 31, 2015 and 2014, the assets in our investment portfolio were classified as cash equivalents in the consolidated balance sheets. Our investment portfolio at fiscal 2015 and fiscal 2014 was comprised of money market funds. With the sale of the DRIE related assets and the closure of the Tegal France subsidiary, our exposure to foreign currency fluctuations has been mostly eliminated. For the fiscal years ended March 31, 2015, and 2014, fluctuations of the US dollar in relation to the Euro were immaterial to our financial statements.

Changes in the exchange rate between the Euro and the US dollar are currently immaterial to our operating results. Exposure to foreign currency exchange rate risk may increase over time as our business evolves. We expect that sales in international markets may account for a significant portion of any future revenue, as the Company plans to market to customers located outside the United States.

Periodically, the Company would enter into foreign exchange contracts to sell Euros, which are used to hedge a sales transaction in which costs were denominated in US dollars and the related revenue was generated in Euros. As of March 31, 2015, there were no outstanding foreign exchange contracts.

As of September 30, 2015 and 2014, respectively, all of the Company's cash equivalents were held in the form of money market funds denominated in U.S. dollars in the condensed balance sheet. Changes in the exchange rate between other currencies and the U.S. dollar are currently immaterial to our operating results. Exposure to foreign currency exchange rate risk may increase over time as our business evolves.

Fair Value Measurements

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers what assumptions market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

- Level 2: Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

- Level 3: Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. As of September 30, 2015, the investment balance of $859,000, included in the condensed balance sheets, is considered Level 2 and is re-measured on a recurring basis. The value of money market funds was immaterial at September 30, 2015.

Interest Rate Risk

We are only marginally exposed to interest rate risk through interest earned on money market funds. Interest rates that may affect these items in the future will depend on market conditions and may differ from the rates we have experienced in the past. We do not hold or issue derivatives, commodity instruments or other financial instruments for trading purposes.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information concerning our executive officers and directors as of December 21, 2015:

Name	Age	Title
Thomas R. Mika	64	Chairman of the Board
Seamus Lagan	46	Director, Chief Executive Officer and President
Dr. Paul Billings	63	Director
Christopher Diamantis	47	Director
Benjamin Frank	81	Director
Michael L. Goldberg	66	Director
Robert Lee	61	Director
Jason P. Adams	34	Chief Financial Officer

Directors

Thomas R. Mika was appointed CollabRx's President and Chief Executive Officer in March 2005 and appointed Chairman of the Board of CollabRx in October 2006. In addition, he holds the positions of Acting Chief Financial Officer and Secretary of CollabRx. His previous service with Tegal was as Executive Vice President and Chief Financial Officer and as member of the board of directors from 1992 to 2002. Mr. Mika began his association with Tegal in 1990, when he served as consultant to Nazem & Company, a venture firm that acquired the company from Motorola. Previously, Mr. Mika co-founded IMTEC, a boutique investment firm whose areas of focus included health care, pharmaceuticals, media and information technology. Earlier in his career, Mr. Mika was a managing consultant with Cresap, McCormick & Paget and a policy analyst for the National Science Foundation, where he was a member of the initial three-person team that developed and published the landmark Science Indicators, the biennial report of the National Science Board to the President of the United States. Mr. Mika holds a Bachelor of Science degree in Microbiology from the University of Illinois at Urbana-Champaign and a Master of Business Administration degree from the Harvard Graduate School of Business.

Seamus Lagan was appointed as Chief Executive Officer and President and a director of the Company since November 2, 2015 and as Chief Executive Officer and a director of Medytox effective September 15, 2014. Mr. Lagan has been, either individually or through Alcimede LLC, a consultant to Medytox since May 2011. Mr. Lagan has been a director of Alcimede since its formation in 2007. Alcimede is a privately-held, Delaware limited liability company which provides various consulting services, including management, organization, and financial consulting services. Mr. Lagan also currently serves, through Alcimede, as chief executive officer of the following subsidiaries of Medytox: Medytox Diagnostics, Inc. (since February 2012), Medytox Medical Marketing & Sales, Inc. (since March 2012), and Health Technology Solutions, Inc. (since June 2011) and as president of Medical Billing Choices, Inc. (since July 2013). From September 2008 through May 2011, Mr. Lagan was a private investor. In 2008, TecEnergy UK Limited (“TEC”), a waste management and alternative energy company in England and Wales, of which Mr. Lagan served as a director, was placed into administration to protect it from bankruptcy. The relevant taxing authorities in the United Kingdom alleged that the directors reduced the debt of TEC to its creditors at the expense of tax liabilities to the taxing authorities. There were no other allegations of wrongdoing, but based on such allegations, the taxing authorities sought to have each of the directors of TEC banned from acting as a director in the United Kingdom for a three-year period. At the time of such action, Mr. Lagan had significant health issues and did not defend himself. As a result, Mr. Lagan was banned in his absence from acting as a director of a United Kingdom company from October 8, 2010 until October 2015 (In the Matter of TecEnergy UK Limited and in the Matter of the Company Directors Disqualifications Act of 1986 between the Secretary of State for Business, Innovation and Skills and Seamus Lagan (Norwich County Court, UK, Claim No. 0NR00656)). Mr. Lagan graduated from Ballymena Technical College in Ireland in 1989.

Paul R. Billings, MD, PhD, FACP, FACMG, joined the CollabRx board of directors on April 7, 2014. Dr. Billings is a nationally recognized expert on genomic and precision medicine and a board certified internist and clinical geneticist whose career has been devoted to improving patient care by expanding the use of medically relevant genomic technologies in clinical settings, most recently as Chief Medical Officer of Life Technologies, Inc. (acquired by Thermo Fisher Scientific, Inc. in March, 2014). Currently, Dr. Billings serves in multiple roles in industry and government, including as Executive Chairman, Melanoma Diagnostics, Inc., and director of Trovagene, Inc., DecisionQ, Inc. and PAX Neuroscience, Inc. He was Co-Founder and first Medical Director of the Cordblood Registry, Inc., past Senior Physician and SVP of Laboratory Corporation of America, Inc. (LabCorp), Co-Founder and Past Director of Omicia, Inc., Founder and EVP of GeneSage, Inc., and past Director of Ancestry.com, Inc. Dr. Billings currently serves on the Scientific Advisory Board of the FDA, the Genomic Medicine Advisory Committee at the Dept. of Veterans Affairs, and the National Academy of Sciences Institute of Medicine's Roundtable on Genomics. Dr. Billings was the former Director and Chief Science Officer of the Genomic Medicine Institute at El Camino Hospital. He was also a member of the United States Dept. of Health and Human Services Secretary's Advisory Committee on Genetics, Health and Society. Dr. Billings has held academic appointments at prestigious universities including Harvard University, UCSF, Stanford University and UC Berkeley, and has served as a physician at numerous medical centers. He is the author of nearly 200 publications and books on experimental and clinical medicine. His work on genetic discrimination was instrumental in the creation and passage of the federal Genetic Information Non-Discrimination Act of 2008. Dr. Billings holds an M.D. from Harvard Medical School and a Ph.D. in immunology from Harvard University.

Christopher E. Diamantis has served as a director of the Company since November 2, 2015 and previously served as a director of Medytox from April 24, 2013 to November 2, 2015. Mr. Diamantis has served, since 1999, as Chairman and Chief Executive Officer of Integrated Financial Settlements, Inc., a structured settlement consulting firm in Tallahassee, Florida. He has also been, since April 2000, a director and managing partner of the Gabor Agency, Inc., a 65-year old Florida-based company specializing in investment and insurance planning for public employees and universities. Since 2007, Mr. Diamantis has been Chairman of Pro Bank Financial Holding Company, the parent of Pro Bank, a community bank in Tallahassee, Florida. He also has served, since 2011, as a director of Esquire Bank, a full-service, federally chartered savings bank in New York City. In addition, since 2007, Mr. Diamantis has been a director and partner in Counsel Financial Services, Inc., a specialty financial firm catering to the needs of the legal community and the largest non-bank lender to law firms in the United States. He is a past member of the Board of Governors of the Florida State University College of Business and past president of the National Structured Settlements Trade Association.

Benjamin Frank has served as a director of the Company since November 2, 2015 and previously served as a director of Medytox from April 24, 2013 to November 2, 2015. Mr. Frank is a retired lawyer and businessman, with particular experience in healthcare, foreign trade, retail, business development and government. After practicing as an attorney, from 1962 to 1966, he was a Senior Vice President and member of the Board of Directors of Allied Stores Corporation, which owned department stores and specialty stores, including Jordan Marsh, Brooks Brothers, Ann Taylor and others. He also served, from 1971 to 1987, as a Vice President and Trustee of North Shore University Hospital, currently North Shore University Hospital, Long Island Jewish Hospital System. Mr. Frank was appointed in February 2009 by former Florida Governor Charlie Crist to the Board of the Health Care District of Palm Beach County and he served as Chair of the Board from October 2011 to February 2013.

Michael L. Goldberg has served as a director of the Company since November 2, 2015 and previously served as a director of Medytox from August 6, 2015 to November 2, 2015. Mr. Goldberg has been the Managing Director of Monarch Capital LLC. since April, 2006. Monarch is a corporate consulting company primarily servicing small to mid-sized public and private companies. As such, he served in a corporate restructuring capacity as a Director, Acting Chief Executive Officer and President of IDO Security, Inc., from July 2006, until May 2013. Mr. Goldberg served as a Director and Chief Executive Officer of Rx Medical Services Corp. (RXM), an American Stock Exchange listed company, a position he held from May 1991 through June 2006. RXM was a medical company, which at one time managed and owned rural hospitals, clinical laboratories and MRI/CT centers across the United States. While there he was responsible for in excess of 25 acquisitions across the country. Mr. Goldberg has been involved as a consultant to a number of private and public companies in varying industries, assisting in their formation and capital structures. Mr. Goldberg began his career as an Asper Fellow in the US Attorney's office in 1974 with the Criminal division of the Department of Justice in Washington, D.C. (Watergate prosecution team) before becoming an Assistant District Attorney in Philadelphia where he rose to the major trial and then homicide division. Mr. Goldberg was also a litigator in Philadelphia where he maintained a private practice before he transitioned into a career in corporate restructuring. Mr. Goldberg has served as a Director of both private and publicly traded companies and has served on audit and compensation committees.

Robert Lee has served as a director of the Company since November 2, 2015 and previously served as a director of Medytox from August 6, 2015 to November 2, 2015. Mr. Lee is currently the Managing Partner of Sheffield Investment Partners, and has served in such capacity since 2010. Prior thereto, from 2008 until 2010, Mr. Lee served as a Managing Director of New Stream Capital, and from 2000 until 2007, Mr. Lee was a Managing Director at CRT Capital Group. Prior to joining CRT, Mr. Lee was a Managing Director of Morgan Stanley Dean Witter from 1984 until 2000. Mr. Lee ran several units of Dean Witter's Investment Bank including the M&A Group. After the merger of Dean Witter with Morgan Stanley, Mr. Lee was a Managing Director in the M&A group at Morgan Stanley working most closely with the Financial Sponsors. Mr. Lee also serves as a Board member of SL Investment Management, and has served in such capacity since 2011. From 2001 to 2008, Mr. Lee served on the Board of Springs Industries, and from 2008 until 2013, Mr. Lee served on the Board of Springs Window Fashions. Mr. Lee is also on the board of visitors for the Wake Forest School of Business, and previously served as Chairman of such Board. Mr. Lee received his undergraduate degree in economics from Dartmouth College (BA 1976) and attended the University of Chicago Graduate School of Business.

Executive Officers

Jason P. Adams commenced employment with Medytox in September 2015, and was appointed Chief Financial Officer on September 12, 2015. Mr. Adams was appointed Chief Financial Officer of the Company on November 2, 2015. Prior to joining Medytox, Mr. Adams was the Chief Financial Officer of West Central Behavioral Health, a provider of behavioral health services in the state of New Hampshire, from March 2014 until September 2015. Prior to his involvement with West Central Behavioral Health, he held similar positions with Alico, Inc., from April 2012 until March 2014, and the Source Interlink Companies, Inc., from February 2006 through April 2012. Mr. Adams holds a BS degree in Accounting from Castleton University, and a Colorado CPA designation.

Director Independence

The board of directors has affirmatively determined that each of Dr. Paul Billings, Christopher Diamantis, Benjamin Frank, Michael L. Goldberg, and Robert Lee is an “independent director” as defined under the Listing Rules of The NASDAQ Stock Market. The Listing Rules of The NASDAQ Stock Market provide a list of disqualifying criteria for the independence determination. For example, under these rules, a director who is, or during the past three years was, employed by the company or by any parent or subsidiary of the company, other than prior employment as an interim chairman or interim chief executive officer, would not be considered independent. No director qualifies as independent unless the board of directors affirmatively determines that the director does not have a material relationship with the listed company that would interfere with the exercise of independent judgment.

Board Leadership Structure of the Combined Company

Mr. Mika serves as the Chairman of the combined company board of directors and Mr. Lagan serves as a director, Chief Executive Officer and President of the combined company. The benefits of having Mr. Mika serve as the Chairman and Mr. Lagan serve as the Chief Executive Officer of the combined company include: (1) allowing our Chief Executive Officer to focus on the day-to-day business, while allowing the Chairman to lead the combined company's board of directors in its fundamental role of providing advice to and independent oversight of management, (2) reinforcing the independence of the board of directors from management, and (3) creating an environment that encourages objective oversight of management's performance.

The board of directors recognizes the time, effort and energy that the Chief Executive Officer must devote to his position in the current business environment, as well as the commitment required to serve as the combined company's Chairman, particularly as the board of directors' oversight responsibilities continue to grow. The board of directors also believes that this structure ensures a greater role for the independent directors in the oversight of the combined company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the board of directors.

Board Committees of the Combined Company

The board of directors of the combined company has an audit committee, a compensation committee and a nominating/corporate governance committee. Each of these committees operate under a charter that has been previously approved by the CollabRx board of directors and will have the composition and responsibilities described below. The board of directors of the combined company from time to time may establish other committees to facilitate the management of the company and may change the composition and the responsibilities of the existing committees.

The table below summarizes the membership of each of the three standing board committees of the combined company after the merger.

Director	Audit	Compensation	Nominating/ Corporate Governance
Thomas R. Mika			
Seamus Lagan			
Dr. Paul Billings		X	
Christopher Diamantis	X	Chairman	X
Benjamin Frank	X	X	Chairman
Michael L. Goldberg			
Robert Lee	Chairman		X

Audit Committee

The purpose of the audit committee of the combined company is to review the combined company's audited financial statements with management, review the combined company's independent registered public accountants' performance in the annual audit, review audit fees, review fees for the preparation of the combined company's tax returns, discuss the combined company's internal accounting control policies and procedures and consider and appoint the combined company's independent registered public accountants. The audit committee has the authority to engage the services of outside experts and advisors as it deems necessary or appropriate to carry out its duties and responsibilities.

The audit committee charter is available on the Company's website at www.rennovahealth.com by selecting “Investors” and then “Governance” from the available options.

The audit committee of the combined company consists of Mr. Robert Lee, Mr. Christopher Diamantis and Mr. Benjamin Frank. Each member of the audit committee qualifies as “independent” for purposes of membership on audit committees pursuant to the Listing Rules of The NASDAQ Stock Market and the rules and regulations of the SEC and is “financially literate” as required by the Listing Rules of The NASDAQ Stock Market. In addition, the board of directors of the combined company has determined that Mr. Lee qualifies as an “audit committee financial expert” as defined by the rules and regulations of the SEC and meets the qualifications of “financial sophistication” under the Listing Rules of The NASDAQ Stock Market.

Compensation Committee

The purpose of the compensation committee of the combined company is to assist the board of directors of the combined company in the discharge of its responsibilities with respect to employee compensation including the adoption, periodic review and oversight of the combined company's compensation strategy, policies and plans. The compensation committee of the combined company administers equity plans of the combined company, CollabRx and Medytox. The compensation committee has the authority to engage the services of outside experts and advisors as it deems necessary or appropriate to carry out its duties and responsibilities.

The compensation committee charter is available on the Company's website at www.rennovahealth.com by selecting “Investors” and then “Governance” from the available options.

The compensation committee of the combined company consists of Mr. Christopher Diamantis, Dr. Paul Billings and Mr. Benjamin Frank.

Nominating/Corporate Governance Committee

The purpose of the governance and nominating committee of the combined company is to oversee all aspects relating to corporate governance, including acting as an independent committee evaluating transactions between the combined company and directors and officers. The nominating/corporate governance committee also assists the board of directors by identifying individuals qualified to become board members, recommend for selection by the board of directors the director nominees to stand for election at the next annual meeting of the combined company's stockholders and recommend to the board director nominees for each committee of the board (other than this committee).

When reviewing related party transactions, the nominating/corporate governance committee considers all relevant facts and circumstances, including:

- the commercial reasonableness of the terms;
- the benefit and perceived benefits, or lack thereof, to the combined company;
- opportunity costs of alternate transactions; and
- the materiality and character of the related person's interest, and the actual or apparent conflict of interest of the related person.

The nominating/corporate governance committee will only approve or ratify a related party transaction when it determines that, upon consideration of all relevant information, the transaction is in, or is not inconsistent with, the best interests of the combined company and stockholders. No related party transactions will be consummated without the approval or ratification of the nominating/corporate governance committee and the disinterested members of the combined company board of directors. Any directors interested in a related party transaction will recuse themselves from any vote relating to a related party transaction in which they have an interest.

The nominating/corporate governance committee has the authority to engage the services of outside experts and advisors as it deems necessary or appropriate to carry out its duties and responsibilities.

The nominating/corporate governance committee charter is available on the Company's website at www.rennovahealth.com by selecting “Investors” and then “Governance” from the available options.

The nominating/corporate governance committee of the combined company consists of Mr. Benjamin Frank, Mr. Christopher Diamantis and Mr. Robert Lee.

Risk Management

The combined company board of directors as a whole monitors and considers policies to manage risk as part of its regular activities. The combined company committees of the board focuses on and manages specific forms of risk and reports their activities to the combined company board of directors. The audit committee is primarily responsible for the identification and review of financial risk. The compensation committee works to minimize risks associated with the executive compensation plans and stock benefit plans that it establishes. The nominating/corporate governance committee considers risks presented by changing law and regulation and recommend changes in governance and operations to comply.

Certain Relationships and Related Person Transactions

The policies and procedures of the combined company with respect to the review, approval or ratification of related-person transactions are substantially similar to CollabRx's current policies and procedures on such matters.

CollabRx Related Person Transactions

CollabRx's Nominating/Corporate Governance Committee reviews related party transactions and only approves or ratifies a related party transaction when it determines that, upon consideration of all relevant information, the transaction is in, or is not inconsistent with, the best interests of CollabRx and its stockholders. CollabRx's policy with respect to transactions in which any of its directors or officers may have an interest, requires that such transaction (i) be on terms no less favorable to CollabRx than could be obtained from unaffiliated third parties and (ii) be approved by the Nominating/Corporate Governance Committee and a majority of the uninterested, outside members of the CollabRx board. It is CollabRx's policy that directors interested in a related party transaction will recuse themselves from any vote relating to a related party transaction in which they have an interest. All related party transactions in fiscal years 2013, 2014 and 2015 and up to the latest practicable date before the printing of this prospectus were approved in accordance with CollabRx's policy.

Medytox Related Party Transactions

Medytox does not have a formal policy on related party transactions, but it conducts a review of all related party transactions for potential conflict of interest situations on an ongoing basis and all such transactions relating to directors and executive officers must be approved by the independent and disinterested members of the Medytox board of directors. There were no related party transactions for Medytox during fiscal 2012, 2013, 2014 and as of the latest practicable date before the printing of this prospectus, except for the following:

William Forhan, the former Chief Executive Officer, former director and a stockholder of Medytox, had advanced loans to Medytox for the payment of certain operating expenses. The loans were non-interest bearing and were due on demand. The amount outstanding to Mr. Forhan was $57,100 at December 31, 2012. During the year ended December 31, 2013, $10,000 was paid and the remaining $47,100 was released by Mr. Forhan. The $47,100 is recorded as a capital contribution as additional paid in capital.

Alcimede LLC, of which Mr. Lagan is the sole manager, had advanced loans to Medytox for the payment of certain operating expenses. The loans were due on demand. The amount outstanding to Alcimede was $85,000 at December 31, 2012. During the year ended December 31, 2013, the $85,000 was paid along with a one-time interest charge of $18,417. Alcimede was paid $364,375 and $240,000 for consulting fees pursuant to a consulting agreement for the years ended December 31, 2014 and 2013, respectively, and $187,500 during the six months ended June 30, 2015. Medytox reimbursed Alcimede $450,408 and $520,334 for certain operating expenses and asset purchases paid by Alcimede on Medytox's behalf in the years ended December 31, 2014 and 2013, respectively.

On September 10, 2012, Medytox entered into an Asset Purchase Agreement with DASH Software, LLC (“DASH”) for the purchase of certain software utilized by Medytox in its operations for $150,000. Sharon Hollis, a former Vice President and stockholder of Medytox, was the managing member of DASH. During the year ended December 31, 2013, Medytox paid $33,070 to DASH pursuant to the Asset Purchase Agreement. As of December 31, 2013, the purchase was fully paid.

In connection with Medytox's acquisition of Medical Billing Choices, Inc. (“MBC”), Dr. Thomas Mendolia, the then Chief Executive Officer of Medytox's Laboratories and a stockholder, entered into an agreement with the selling shareholders of MBC to receive 20% of the purchase price of MBC as it was paid by Medytox and 0.88% of the gross collections that MBC collected for Medytox. Pursuant to this agreement, Dr. Mendolia received $29,625 for the year ended December 31, 2011, $90,152 during the year ended December 31, 2012 and $103,583 during the six months ended June 30, 2013 for a total of $223,360. Pursuant to the completion of the acquisition of MBC on July 22, 2013, Medytox and Dr. Mendolia agreed that the $223,360 would be paid back to MBC and payment was received in July 2013. Medytox reimbursed Dr. Mendolia $254,966 and $252,841 for certain operating expenses and asset purchases paid by Dr. Mendolia on Medytox's behalf in the years ended December 31, 2014 and 2013, respectively, and $4,612 during the six months ended June 30, 2015.

Medytox and SS International Consulting, Ltd. (“International”), of which Sebastien Sainsbury is the sole shareholder, entered into a non-exclusive Consulting Agreement on March 15, 2014. International provided such management consulting services, business advisory services, marketing and investors relations advice and management as may be agreed to by the parties from time to time. Medytox paid International $6,667 per month and reimbursed expenses incurred by International on behalf of Medytox. The Consulting Agreement could be terminated by either party at the end of any month. Medytox paid $66,660 to International during the year ended December 31, 2014 and $39,996 during the six months ended June 30, 2015. The parties entered into an amendment to the Consulting Agreement, pursuant to which 200,000 shares of common stock were issued to International.

Each of the holders of shares of Series B Preferred Stock of Medytox, Epizon Ltd., Aella Ltd., Francisco Roca, III, Dr. Thomas F. Mendolia and Steven Sramowicz, entered into a purchase option agreement with Medytox as of March 27, 2014. Each agreement granted Medytox an option to purchase any or all shares of Series B Preferred Stock held by the holder at any time through March 27, 2016. Each holder owned 1,000 shares of Medytox Series B Preferred Stock. If all of a holder's shares were purchased by Medytox pursuant to the option, the purchase price would have been $5,000,000. If fewer shares were purchased from a holder, the purchase price would have been adjusted proportionately. Each holder agreed not to transfer or dispose of any shares of Medytox Series B Preferred Stock during the term of the option, other than to Medytox upon an exercise of the option. Any exercise of an option was completely at Medytox's discretion.

On December 31, 2014, Medytox borrowed $3,000,000 from D&D Funding II, LLC (“D&D”), Christopher Diamantis, a director of the Company, is the manager and 50% owner of D&D (“D&D Note”). The D&D Note has an interest rate of 10%. The D&D Note is payable in one payment, at maturity on December 31, 2016. Accrued interest of $300,000 will be paid on December 31, 2015 and thereafter interest will be paid monthly. The D&D Note must be prepaid upon the consummation by the Company of a sale of shares of common stock or other securities convertible into common stock for cash pursuant to which the Company receives net proceeds of not less than $10 million, except for the offering pursuant to this Prospectus. The D&D Note is convertible at any time, in whole or in part, into common stock of the Company at a conversion price equal to 75% of the Market Price (as defined in the D&D Note) provided that the conversion price will not be lower than the public offering price for this offering. Upon any such conversion, the holder will also receive warrants exercisable into the same number of shares of common stock as are being issued upon conversion. The warrants will have a term of one year and the exercise price will be equal to the Market Price (without any discount).

On February 3, 2015, Medytox borrowed $3,000,000 from Alcimede LLC, of which Medytox's CEO is the sole manager. The note has an interest rate of 6%. The note is payable in one payment, including interest, at maturity on February 2, 2016. On June 29, 2015, Alcimede exercised options granted in October 2012 to purchase one million shares of the Company's common stock at an exercise price of $2.50 per share. The loan outstanding was reduced in satisfaction of the aggregate exercise price of $2,500,000. The remaining principal amount of $500,000 is outstanding under this loan.

On February 27, 2015, the Company borrowed $30,000 from Alcimede LLC. The loan was repaid on April 15, 2015.

All of the foregoing related party transactions were approved by the Medytox Board of Directors.

Director Compensation

It is anticipated that at least initially the compensation to be paid to the combined company’s directors after the merger will be substantially similar to the compensation currently paid to members of Medytox board of directors. It is anticipated, however, that the cash and equity non-employee director compensation policies described below will be reviewed by the nominating/corporate governance committee of the board of directors of the combined company following completion of the merger and may be subject to change.

Medytox Director Compensation

Medytox non-employee directors receive an annual cash retainer of $40,000 and are granted stock options upon joining the Board of Directors. Medytox does not pay employee directors for Board service in addition to their regular employee compensation.

Director Compensation Table - Combined Company Directors from Medytox

The following table shows, for each of Medytox's non-employee directors who are a director of the combined company, information concerning annual compensation earned for services in all capacities during Medytox's fiscal year ended December 31, 2014.

Director [(1)]	Fees earned or paid in cash	Stock Awards	Option Awards	Non-equity Incentive Plan Compensation	All Other Compensation	Total
Christopher Diamantis	$ 40,000	$ –	$ –	$ –	$ –	$ 40,000
Benjamin Frank	$ 40,000	$ –	$ –	$ –	$ –	$ 40,000

(1) The following table provides information regarding outstanding equity awards held by the named directors at December 31, 2014:

	Option Awards				
Name	Number of shares underlying unexercised options exercisable	Number of shares underlying unexercised options unexercisable	Equity Incentive Plan Awards: Number of shares underlying unexercised unearned options	Option exercise price $	Option expiration date
Christopher Diamantis	150,000	–	–	2.50	4/19/2017
	150,000	–	–	5.00	4/19/2017
Benjamin Frank	150,000	–	–	2.50	4/19/2017
	150,000	–	–	5.00	4/19/2017

CollabRx Director Compensation

CollabRx's outside directors currently receive an annual $15,000 retainer for service on the Board of Directors, meeting fees of $1,500 per Board meeting and $1,000 for the first six audit committee meetings and $750 for the first six nominating and compensation committee meetings not held in conjunction with a full Board of Directors meeting. Furthermore, directors may be reimbursed for certain expenses in connection with attendance at Board of Directors and committee meetings. Additionally, each committee chair receives an annual chair retainer as follows: $7,500 for the Audit Committee chair, $5,000 for the Compensation Committee chair and $4,000 for the Nominating/Corporate Governance Committee chair. In addition, as of April 7, 2014, non-employee directors receive options to purchase 5,000 shares of common stock upon initial election or appointment to the Board of Directors and each director automatically receives options to purchase 2,500 shares of common stock annually thereafter. (The previous number of options to purchase granted to non-employee directors was 1,667 shares of common stock upon initial election or appointment to the Board of Directors and 833 shares of common stock annually thereafter.)

The following table shows non-employee director compensation for each CollabRx director during the year ended March 31, 2015.

Fiscal Year Ended March 31, 2015

Name	Fees Earned or Paid in Cash ($)	Option Awards ($) (1)	Total ($)
Gilbert Bellini	16,250	7,550	23,800
James Karis	28,500	23,221	51,721
Jeffrey M. Krauss	41,500	34,191	75,691
Carl Muscari	39,000	31,797	70,797
Paul Billings	38,000	49,745	87,745

(1) The value of the stock awards has been computed in accordance with FASB ASC 718, excluding the effect of estimated forfeitures.

Executive Compensation

It is anticipated that at least initially the compensation to be paid to the combined company's executive officers after the merger will be substantially similar to the compensation currently paid to such individuals by Medytox. It is anticipated, however, that the compensation to be paid to the executive officers of the combined company after the merger will be reviewed by the compensation committee of the board of directors of the combined company following completion of the merger and may be subject to change.

Medytox Summary Compensation Table

The table below provides summary information concerning all compensation awarded to, earned by or paid to Mr. Lagan during the year ended December 31, 2014. Mr. Lagan serves as a director, Chief Executive Officer and President of the combined company following completion of the merger.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock Awards	Option Awards	Nonequity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Seamus Lagan Chief Executive Officer and Director(1)	2014	$ –	$ –	$ –	$ –	–	–	$ 144,375(2)	$ 144,375

(1) Mr. Lagan was appointed Chief Executive Officer effective September 15, 2014.

(2) Represents $144,375, including a bonus of $35,000, paid pursuant to the Consulting Agreement with Alcimede LLC from September 15, 2014 to December 31, 2014. See Medytox's Agreements with Named Executive Officers below for additional information.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table provides information regarding outstanding equity awards held by Mr. Lagan at December 31, 2014:

Name	Number of shares underlying unexercised options exercisable	Number of shares underlying unexercised options unexercisable	Equity Incentive Plan Awards: Number of shares underlying unexercised unearned options	Option exercise price $	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested $	Equity Incentive Plan Awards: Number of unearned shares, units or other rights that have not vested	Equity Incentive Plan Awards: Market or payout value of unearned shares, units or other rights that have not vested $
Seamus Lagan[(1)]	–	–	–	–	–	–	–	–	–

(1) Does not include options issued to Alcimede LLC described below under Medytox's Agreements with Named Executive Officers.

Medytox's Agreements with Named Executive Officers

Seamus Lagan, Chief Executive Officer

Consulting Agreements

The Company and Seamus Lagan entered into a non-exclusive Consulting Agreement on May 25, 2011. Under the agreement, Mr. Lagan rendered management consulting and business advisory services and advised on marketing strategies. The Company paid Mr. Lagan $15,000 per month. In connection with the consulting agreement, Mr. Lagan received approximately $65,000 in cash and was issued 1,300,000 shares of Common Stock with a value of $13,000. This agreement was in effect through October 3, 2011, when it was replaced by a consulting agreement between the Company and Alcimede LLC, which is controlled by Mr. Lagan. Under this new agreement, Alcimede agreed to assist the Company by providing management as may be required by the Company, assisting with the Company's capital structure and funding, completing acquisitions and funding, and structuring and securing financing. The term of the Alcimede agreement was from October 3, 2011 to December 31, 2013, with automatic renewals for an additional year unless one party delivered notice of nonrenewal. The Company agreed to pay Alcimede a retainer of $20,000 a month and issued Alcimede options to purchase 200,000 shares of Common Stock, exercisable at $3.00 per share through January 1, 2014, and an additional 200,000 shares of Common Stock exercisable at $6.00 per share through January 1, 2015. The Company also reimbursed Alcimede's expenses.

The Company and Alcimede entered into a revised Consulting Agreement as of October 1, 2012. This agreement replaced and superseded the prior Alcimede consulting agreement. This new agreement is for three years, subject to annual renewals thereafter, unless either party gives notice of non-renewal. The retainer remained at $20,000 a month and the Company continues to reimburse Alcimede for its expenses. The parties agreed to cancel the options issued pursuant to the prior agreement. Under the new agreement the Company issued Alcimede 4,500,000 shares of Common Stock and 1,000 shares of Series B Preferred Stock. In addition, Alcimede received options to purchase (i) 1,000,000 shares of Common Stock exercisable at $2.50 per share through December 31, 2017, (ii) 1,000,000 shares of Common Stock exercisable at $5.00 per share through December 31, 2017 and (iii) 1,000,000 shares of Common Stock exercisable at $10.00 a share through December 31, 2022.

Effective September 11, 2014 and in conjunction with the appointment of Mr. Lagan as our Chief Executive Officer, such consulting agreement with Alcimede was amended to provide for a monthly retainer of $31,250, and we agreed to provide Mr. Lagan with an automobile.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, MANAGEMENT AND DIRECTORS

The following table sets forth information with respect to the beneficial ownership of shares of Rennova common stock by Rennova directors, Rennova's named executive officers, all Rennova directors and executive officers as a group and beneficial owners of more than 5% of Rennova common stock before the offering as of December 21, 2015 and after the offering. For purposes of this prospectus, beneficial ownership of securities is defined in accordance with the rules of the SEC and means generally the power to vote or dispose of securities, regardless of any economic interest therein. An asterisk denotes beneficial ownership of less than 1%. The address of each of the following (other than Aella Ltd. and Epizon Ltd.) is c/o Rennova Health, Inc., 400 S. Australian Avenue, Suite 800, West Palm Beach, Florida 33401.

Name of Beneficial Owner	No. of Shares of Common Stock Owned	Percentage of Ownership[1] (Before Offering)	Percentage of Ownership[2] (After Offering)
Tom R. Mika	34,503	*	
Seamus Lagan	421,927(3)	3.1%	
Dr. Paul Billings	2,230	*	
Christopher Diamantis	409,637(4)	3.0%	
Benjamin Frank	61,444(5)	*	
Michael L. Goldberg	–	–	
Robert Lee	245,783	1.8%	
Jason P. Adams	–	–	
Aella Ltd.	2,990,158(6)	20.1%	
Epizon Ltd.	3,031,122(7)	20.3%	
Dr. Thomas F. Mendolia	3,002,447(8)	20.1%	
Francisco Roca, III	3,002,447(9)	20.1%	
Steven Sramowicz	3,002,447(10)	20.1%	
All Directors and Executive Officers as a Group (8 persons)	1,175,524(11)	8.5%	

* Less than one percent.

(1) Based on 13,763,275 shares of common stock issued and outstanding as of December 21, 2015, and additional shares deemed to be outstanding as to a particular person, in accordance with applicable rules of the Securities and Exchange Commission (the "SEC"). Beneficial ownership is determined in accordance with SEC rules to generally include shares of common stock subject to options or issuable upon conversion of convertible securities, and such shares are deemed outstanding for computing the percentage of the person holding such options or securities, but are not deemed outstanding for computing the percentage of any other person.

(2) Based on [ ] shares of common stock issued and outstanding after the offering. Does not reflect any shares of common stock issuable upon exercise of the Warrants offered hereby or any shares of common stock issuable upon the conversion of the Series C Preferred offered hereby.

(3) Alcimede LLC, of which Mr. Lagan is the sole manager, owns 421,927 shares of common stock.

(4) Mr. Diamantis has currently exercisable options to purchase 61,444 shares of common stock. Does not include securities receivable upon the conversion of the D&D Note, as described in "Certain Relationships and Related Transactions," of this prospectus.

(5) Mr. Frank has currently exercisable options to purchase 61,444 shares of common stock.

(6) All of the outstanding capital stock of Aella Ltd. is owned by The Olive Tree Trust, of which P. Wilhem F. Toothe serves as the trustee. Ms. Sharon L. Hollis is the settlor and Ms. Hollis and her family are the beneficiaries of The Olive Tree Trust. Aella Ltd. owns 1,843,370 shares of common stock and 1,000 shares of Series B Convertible Preferred Stock, which is convertible into an aggregate of 1,146,788 shares of common stock within the next 60 days. The address of Aella Ltd. is Suite 104a, Saffrey Square, Bank Lane, P.O. Box N-9306, Nassau, Bahamas.

(7) All of the outstanding capital stock of Epizon Ltd. is owned by The Shanoven Trust, of which P. Wilhelm F. Toothe serves as trustee. Mr. Lagan is the settlor and Mr. Lagan and his family are the beneficiaries of The Shanoven Trust. Epizon Ltd. owns 1,884,334 shares of common stock and 1,000 shares of Series B Convertible Preferred Stock, which is convertible into an aggregate of 1,146,788 shares of common stock within the next 60 days. The address of Epizon Ltd. is Suite 104a, Saffrey Square, Bank Lane, P.O. Box N-9306, Nassau, Bahamas.

(8) Dr. Mendolia owns 1,855,659 shares of common stock and 1,000 shares of Series B Convertible Preferred Stock, which is convertible into an aggregate of 1,146,788 shares of common stock within the next 60 days.

(9) Mr. Roca owns 1,855,659 shares of common stock and 1,000 shares of Series B Convertible Preferred Stock, which is convertible into an aggregate of 1,146,788 shares of common stock within the next 60 days.

(10) Mr. Sramowicz owns 1,855,659 shares of common stock and 1,000 shares of Series B Convertible Preferred Stock, which is convertible into an aggregate of 1,146,788 shares of common stock within the next 60 days.

(11) Includes Messrs. Mika, Lagan, Billings, Diamantis, Frank, Goldberg, Lee and Adams.

DESCRIPTION OF CAPITAL STOCK

General

The following descriptions are summaries of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws, and are qualified by reference to our amended and restated certificate of incorporation and amended and restated bylaws. For more detailed information, please see copies of these documents which are included as exhibits to this registration statement. We refer in this section to our amended and restated certificate of incorporation as our certificate of incorporation, and we refer to our amended and restated bylaws as our bylaws.

Our authorized capital stock consists of 50,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. As of December 21, 2015, 13,763,275 shares of our common stock were outstanding and held by approximately 132 stockholders of record.

Common Stock

The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders. The holders of our common stock do not have any cumulative voting rights. Holders of our common stock are entitled to receive ratably any dividends declared by the board of directors out of funds legally available for that purpose, subject to any preferential dividend rights of any outstanding preferred stock. Our common stock has no preemptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in all assets remaining after payment of all debts and other liabilities and any liquidation preference of any outstanding preferred stock. The shares to be issued by us in this offering will be, when issued and paid for, validly issued, fully paid and non-assessable.

Preferred Stock

Our Board of Directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 5,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders would receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action.

Following the Merger, Medytox is a wholly-owned subsidiary of CollabRx. CollabRx and its consolidated subsidiaries, including the surviving company and its subsidiaries, operate as a combined company under the name Rennova Health, Inc. (“Rennova”). Upon the merger, Rennova issued (i) 5,000 shares of Rennova Series B Convertible Preferred Stock (“Rennova Series B Preferred Stock”) in exchange for 5,000 shares of Medytox Series B Non-Convertible Preferred Stock, and (ii) 45,000 shares of Rennova Series E Convertible Preferred Stock (“Rennova Series E Preferred Stock”) in exchange for 45,000 shares of Medytox Series E Convertible Preferred Stock. Copies of the Certificates of Designations for the Rennova Series B Preferred Stock and Rennova Series E Preferred Stock are incorporated by reference to this prospectus.

Upon consummation of this offering, [●] shares of Rennova Series C Convertible Preferred Stock will be outstanding. A copy of the Form of Certificate of Designation for the Series C Convertible Preferred Stock is attached hereto as an exhibit.

Rennova Series B Convertible Preferred Stock

Pursuant to the Certificate of Designation of Series B Convertible Preferred Stock of Rennova (the “Series B Certificate of Designation”) and the resolutions to be duly adopted by the CollabRx Board of Directors prior to the effective time of the Merger, the terms of the Rennova Series B Preferred Stock were designated.

Voting Rights. Except as provided by law or the provisions of the Rennova Certificate of Incorporation, as amended, the holders of the Rennova Series B Preferred Stock will vote together with the holders of Rennova common stock as a single class. On any matter presented to Rennova stockholders for their action or consideration at any Rennova stockholders meeting or by written consent in lieu of a meeting, each share of Rennova Series B Preferred Stock will be entitled to cast the number of votes equal to the number of whole shares of Rennova common stock into which the shares of Rennova Series B Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter provided, that, such number of votes for each share of Rennova Series B Preferred Stock shall not exceed the quotient obtained by dividing $5,000.00 by the closing price of the common stock on the trading day immediately preceding the Merger.

Designation and Amount. The number of shares constituting the Rennova Series B Preferred Stock was designated to be 5,000. Such number may be decreased by resolution of the Rennova Board of Directors provided that no such decrease shall reduce the number of authorized shares of Rennova Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, warrants, convertible or exchangeable securities or other rights to acquire shares of Rennova Series B Preferred Stock.

Ranking. The Rennova Series B Preferred Stock shall rank, as to (a) the distribution of the assets upon any liquidation, dissolution or winding-up of Rennova, whether voluntary or involuntary (each, a "Liquidation Event"): (i) senior to the common stock and (ii) senior to all other classes and series of equity securities of Rennova that by their terms do not rank senior to the Rennova Series B Preferred Stock (including the Rennova Series E Convertible Preferred Stock); and (b) the payment of dividends: (i) on parity with the Rennova common stock, the Rennova Series E Convertible Preferred Stock, and (ii) senior to all other classes and series of equity securities of Rennova that by their terms do not rank senior to the Rennova Series B Preferred Stock.

Dividends. From and after the date of the issuance of any shares of Rennova Series B Preferred Stock, each holder of outstanding shares of Rennova Series B Preferred Stock (each, a "Rennova Series B Holder" and, collectively, the "Rennova Series B Holders") shall be entitled to receive on account of such shares (participating pari passu with the holders of Rennova common stock), dividends in cash out of any funds of Rennova legally available for the payment thereof, at the same time any dividend will be paid or declared and set apart for payment on any shares of any Rennova common stock, in an amount equal to the amount which such holder would have been entitled to receive if such Rennova Series B Preferred Stock were converted to Rennova common stock under the Series B Certificate of Designation on the date such dividend is paid or declared and set apart for payment (for purposes of determining the dividends payable to the Rennova Series B Holders pursuant to the Series B Certificate of Designation, it shall be assumed that all outstanding shares of Rennova Series B Preferred Stock are convertible on such date).

Liquidation Rights. Upon a Liquidation Event, after payment of any distribution of assets or funds of Rennova to holders of any other series of Rennova preferred stock ranking senior to the Rennova Series B Preferred Stock, but prior and in preference to any distribution of any assets or funds of Rennova to any series of Rennova preferred stock ranking junior to the Rennova Series B Preferred Stock or to holders of any shares of Rennova common stock, the record holders of the Rennova Series B Preferred Stock shall be entitled to be paid, out of the assets and funds of Rennova then available for distribution, an amount per share of Rennova Series B Preferred Stock equal to the Rennova Series B Original Issue Price (as defined below) plus any declared but unpaid dividends on the Rennova Series B Preferred Stock. The Rennova Series B Original Issue Price shall mean $5,000.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with the respect to the Rennova Series B Preferred Stock (the "Rennova Liquidation Preference").

Restrictive Covenants. So long as any shares of the Rennova Series B Preferred Stock are outstanding, Rennova shall not, without first obtaining the affirmative written consent of Rennova Series B Holders holding at least a majority of the outstanding shares of the Rennova Series B Preferred Stock, (a) authorize or issue additional shares of the Rennova Series B Preferred Stock; or (b) amend, alter or repeal any provisions of the Rennova Certificate of Incorporation, as amended, or the Rennova bylaws in a manner that adversely affects the powers, preferences or rights of the Rennova Series B Preferred Stock.

Optional Conversion. The Rennova Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time after December 31, 2015 and from time to time thereafter, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Rennova common stock as determined by dividing the Rennova Series B Original Issue Price by the Rennova Series B Conversion Price (as defined below). The Rennova Series B Conversion Price is calculated as the product of (A) 0.9 times (B) the market price calculated and fixed on the closing date. If the Rennova common stock is traded on a national securities exchange, the market price shall be the average closing sales price of the Rennova common stock for the 10 trading days immediately preceding the closing date. If the Rennova common stock is not traded on any national securities exchange but is quoted on an inter-dealer quotation system, the market price shall be the average of the closing bid and ask prices for the 10 trading days immediately preceding the closing date.

If the outstanding shares of Rennova common stock are increased or decreased or changed into or exchanged for a different number or kind of shares, other securities of or any other interests in Rennova by reason of any recapitalization, reclassification, reorganization, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of Rennova, or other increase or decrease in such shares effected without receipt of fair and adequate consideration (as determined by the Rennova board of directors), occurring after the closing date, an appropriate adjustment shall be made by the Rennova board of directors to (i) the number and kind of shares of capital stock issuable upon exercise of the conversion rights; and/or (ii) the Rennova Series B Conversion Price.

Transfers; Right of First Offer. No Rennova Series B Holder may assign or transfer any shares of Rennova Series B Preferred Stock, except in accordance with certain provisions set forth in the Rennova Series B Certificate of Designation.

If any Rennova Series B Holder desires to, directly or indirectly, transfer, sell, assign, pledge, hypothecate, encumber or otherwise dispose of, all or any portion of any of the shares of the Rennova Series B Preferred Stock held by such holder or any economic interest therein to any person (including without limitation any other holder of the Rennova Series B Preferred Stock), such holder shall so inform the other Rennova Series B Holders and Rennova in writing, stating the number of shares that are the subject of the proposed transfer, the proposed offer price thereof and any other material terms (including the identity of the prospective purchaser(s)) on which the offeror offers to transfer such shares.

Each of the offerees shall have the right, but not the obligation, to purchase all (but not less than all) of the offered shares at the purchase price by delivering written notice of such election to the offeror within ten (10) days after the delivery of the offer notice. If more than one offeree elects to purchase the offered shares, the offered shares shall be allocated on a pro-rata basis among the electing offerees such that each electing offeree shall be entitled to purchase a percentage of the offered shares based upon a fraction, the numerator of which is the number of shares of Rennova Series B Preferred Stock held by the electing offeree and the denominator of which is the total number of Rennova Series B Preferred Stock held by all of the electing offerees.

If none of the offerees make an election to purchase all of the offered shares in accordance with the Rennova Series B Certificate of Designation, then Rennova shall have the right, but not the obligation, to purchase all (but not less than all) of the offered shares at the purchase price by delivering written notice of such election to the offeror within ten (10) days after the expiration of the ten (10) day period provided to the electing offerees.

If none of the offerees make an election to purchase all of the offered shares in accordance with the Rennova Series B Certificate of Designation, and Rennova does not make an election to purchase all of the offered shares in accordance with the Rennova Series B Certificate of Designation, then the offeror shall be permitted to proceed with the proposed transfer, sell, assignment, pledge, hypothecate, encumbrance or otherwise disposal of the offered shares, and the offeror shall have sixty (60) days following the expiration of the ten (10) day period set forth for Rennova to consummate such proposed transfer before the offeror must again comply with the provisions of the Rennova Series B Certificate of Designation.

Non-Competition. Notwithstanding anything contained in the Rennova Series B Certificate of Designation, Rennova shall have the right, in its sole and absolute discretion, to cancel any shares of a Rennova Series B Holder's Rennova Series B Preferred Stock for no consideration if at any time during the thirty-six (36) month period following the date on which such Rennova Series B Preferred Stock is issued if the holder of such Rennova Series B Preferred Stock (i) breaches any restrictive covenant provision in any employment agreement or consulting agreement to which the Rennova Series B Holder and Rennova (or any subsidiary) may be parties, or (ii) directly or indirectly, enters into the employment of, renders any services to, engages, manages, operates, joins, or owns, lends money or otherwise offers other assistance to or participates in or is connected with, as an officer, director, employee, principal, agent, creditor, proprietor, representative, stockholder, partner, associate, consultant, sole proprietor or otherwise, any business (whether of such Rennova Series B Holder or another person or entity) (except for an ownership interest not exceeding two percent (2%) of a publicly-traded entity) that, directly or indirectly, is engaged in providing, selling, consulting with regard to or marketing any products or services that compete with the products and/or services of Rennova or any of its direct or indirect subsidiaries anywhere in the United States or any other country in which Rennova or any such subsidiary has customers, facilities, distributors or employees or does business.

Redemption. Unless prohibited by Delaware law governing distributions to stockholders, all or any portion of outstanding shares of Rennova Series B Preferred Stock may be redeemed by Rennova at any time or from time to time in the discretion of the Rennova board of directors at a price per share equal to the purchase price, which shall be paid in cash to the applicable Rennova Series B Holder on a closing date specified under the redemption notice, but in no event later than sixty (60) days following the date of the redemption notice. Rennova is not required to redeem the shares of the Rennova Series B Holders proportionately and may at any time redeem shares held by one Rennova Series B Holder or any number of Rennova Series B Holders in any combination. The allocation among the Rennova Series B Holders of shares of Rennova Series B Preferred Stock to be redeemed is solely at the discretion of Rennova. If on any redemption date Delaware law governing distributions to stockholders prevents Rennova from redeeming all shares of Rennova Series B Preferred Stock to be redeemed, Rennova shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law.

Mandatory Conversion. Commencing with each mandatory conversion date of December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020 (as any such date may be delayed as described below), an amount equal to twenty percent (20%) of the shares of Rennova Series B Preferred Stock originally issued to each Rennova Series B Holder (as such percentage shall be automatically adjusted from time to time to account for any voluntary conversions by a Rennova Series B Holder or redemptions by Rennova prior to any mandatory conversion date such that the mandatory conversions are made in equal installments on the mandatory conversion dates and, as of the close of business on December 31, 2020, no shares of Rennova Series B Preferred Stock shall be issued or outstanding) shall automatically be converted into such number of fully paid and non-assessable shares of Rennova common stock as is determined by dividing the Rennova Series B Original Issue Price by the Rennova Series B Conversion Price as determined in accordance with the Rennova Series B Certificate of Designation and such shares may not be reissued by Rennova. Notwithstanding the foregoing, if, as of any mandatory conversion date, the Rennova common stock is not an actively traded security (as defined in the Rennova Series B Certificate of Designation), the mandatory conversion which otherwise would have occurred on such mandatory conversion date shall be delayed and shall not occur until the first business day on which the Rennova common stock is an actively traded security.

Redeemed or Otherwise Acquired Shares. Any shares of Rennova Series B Preferred Stock that are redeemed or otherwise acquired by Rennova or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither Rennova nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Rennova Series B Preferred Stock following redemption.

Waiver. Any of the rights, powers, preferences and other terms of the Rennova Series B Preferred Stock set forth in the Rennova Series B Certificate of Designation may be waived on behalf of all Rennova Series B Holders by the affirmative written consent of Rennova Series B Holders holding at least a majority of the shares of the outstanding Rennova Series B Preferred Stock.

The full text of Rennova Series B Certificate of Designation is incorporated by reference in this prospectus. This summary is qualified in its entirety by reference to the full text of the Rennova Series B Certificate of Designation.

Rennova Series C Convertible Preferred Stock

The following summary of certain terms and provisions of our Series C Preferred offered hereby is subject to, and qualified in its entirety by reference to, the terms and provisions set forth in our certificate of designation of preferences, rights and limitations of Series C Preferred.

General. Our board of directors has designated up to [●] shares of the 5,000,000 authorized shares of preferred stock as Series C Preferred Stock. When issued, the shares of Series C Preferred Stock will be validly issued, fully paid and non-assessable.

Rank. The Series C Convertible Preferred Stock will rank on parity to our common stock.

Conversion. Each share of the Series C Preferred is convertible into shares of our common stock (subject to adjustment as provided in the related certificate of designation of preferences, rights and limitations) at any time at the option of the holder at a conversion price equal to the stated value of the Series C Preferred of $1,000 divided by [●]. Holders of Series C Preferred will be prohibited from converting Series C Preferred into shares of our common stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 4.99% of the total number of shares of our common stock then issued and outstanding. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days after such notice to us.

Liquidation Preference. In the event of our liquidation, dissolution or winding-up, holders of Series C Preferred will be entitled to receive an amount equal to $0.01 per share before any distribution shall be made to the holders of any junior securities, and then will be entitled to receive the same amount that a holder of common stock would receive if the Series C Preferred were fully converted into shares of our common stock at the conversion price (disregarding for such purposes any conversion limitations) which amounts shall be paid pari passu with all holders of common stock.

Voting Rights. Shares of Series C Preferred will generally have no voting rights, except as required by law and except that the affirmative vote of the holders of a majority of the then outstanding shares of Series C Preferred is required to, (a) alter or change adversely the powers, preferences or rights given to the Series C Preferred, (b) amend our certificate of incorporation or other charter documents in any manner that materially adversely affects any rights of the holders, (c) increase the number of authorized shares of Series C Preferred, or (d) enter into any agreement with respect to any of the foregoing.

Dividends. Shares of Series C Preferred will not be entitled to receive any dividends, unless and until specifically declared by our board of directors. The holders of the Series C Preferred will participate, on an as-if-converted-to-common stock basis, in any dividends to the holders of common stock.

Redemption. We are not obligated to redeem or repurchase any shares of Series C Preferred. Shares of Series C Preferred are not otherwise entitled to any redemption rights or mandatory sinking fund or analogous fund provisions.

Exchange Listing. We do not plan on making an application to list the Series C Preferred on The Nasdaq Capital Market, any other national securities exchange or other nationally recognized trading system.

Rennova Series E Convertible Preferred Stock

Pursuant to the Certificate of Designation of Series E Convertible Preferred Stock of Rennova (the "Series E Certificate of Designation") and the resolutions to be duly adopted by the CollabRx Board of Directors prior to the effective time of the Merger, the terms of the Rennova Series E Preferred Stock were designated.

Voting Rights. Except as provided by law, the holders of the Rennova Series E Preferred Stock will vote together with the holders of Rennova common stock as a single class. Each holder of outstanding shares of Rennova Series E Preferred Stock will be entitled to vote on all matters submitted to a vote of the holders of the Rennova common stock. Each share of Rennova Series E Preferred stock shall have one (1) vote, except as otherwise required by law.

Designation and Amount. The number of shares constituting the Rennova Series E Preferred Stock was designated to be 45,000. Such number may be decreased by resolution of the Rennova Board of Directors provided that no such decrease shall reduce the number of authorized shares of Rennova Series E Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, warrants, convertible or exchangeable securities or other rights to acquire shares of Rennova Series E Preferred Stock.

Ranking. The Rennova Series E Preferred Stock shall rank, with respect to (a) dividends: (i) on parity with the (x) Rennova common stock and (y) the Rennova Series B Preferred Stock; (ii) senior to any class or series of preferred stock of Rennova thereafter created not specifically ranking by its terms senior to or on a parity with the Rennova Series E Preferred Stock; and (iii) junior to any other class or series of preferred stock of Rennova thereafter created specifically ranking by its terms senior to the Rennova Series E Preferred Stock; and (b) a Liquidation Event, (i) on parity with the Rennova common stock; (ii) senior to any class or series of preferred stock of Rennova thereafter created not specifically ranking by its terms senior to or on a parity with the Rennova Series E Preferred Stock; and (iii) junior to any other class or series of preferred stock of Rennova created concurrently therewith or thereafter created specifically ranking by its terms senior to the Rennova Series E Preferred Stock (including without limitation, the Rennova Series B Preferred Stock, which shall be senior to the Rennova Series E Preferred Stock in connection with any Liquidation Event).

Dividends. From and after the date of the issuance of any shares of Rennova Series E Preferred Stock, each holder of outstanding shares of Rennova Series E Preferred Stock (each, a "Rennova Series E Holder" and, collectively, the "Rennova Series E Holders") shall be entitled to receive on account of such shares (participating pari passu with the holders of Rennova common stock), dividends in cash out of

any funds of Rennova legally available for the payment thereof, at the same time any dividend will be paid or declared and set apart for payment on any shares of any Rennova common stock, in an amount equal to the amount which such holder would have been entitled to receive if such Rennova Series E Preferred Stock were converted to Rennova common stock under the Series E Certificate of Designation on the date such dividend is paid or declared and set apart for payment.

Liquidation Rights. Upon a Liquidation Event, each holder of outstanding shares of Rennova Series E Preferred Stock shall be entitled to receive and to be paid out of the assets of Rennova available for distribution to its stockholders (participating pari passu with the holders of Rennova common stock), the amount which such holder would have been entitled to receive if all of the shares of Rennova Series E Preferred Stock held by such holder were, immediately prior to the time of such distribution, converted into the number of fully-paid non-assessable shares of Rennova common stock equal to the Conversion Number as defined in the Rennova Series E Certificate of Designation.

Covenants. So long as any shares of the Rennova Series E Preferred Stock are outstanding, Rennova shall not amend, alter or repeal any provisions of the Rennova Certificate of Incorporation, the Rennova Series E Certificate of Designation or the Rennova bylaws in a manner that adversely affects the powers, preferences or rights of the Rennova Series E Preferred Stock without the affirmative vote of the holders of a majority of the then-outstanding shares of the Rennova Series E Preferred Stock, voting separately as a class.

Conversion. Subject to the terms and conditions of the Rennova Series E Certificate of Designation, each holder of outstanding shares of Rennova Series E Preferred Stock shall have the right to convert some (in minimum amounts of at least 25,000 shares of Rennova Series E Preferred Stock) or all of the outstanding shares of Rennova Series E Preferred Stock then held by such holder into that number of fully-paid and non-assessable shares of Rennova common stock equal to the Conversion Number (as defined in the Rennova Series E Certificate of Designation) as of the time of such conversion.

Any shares of Rennova Series E Preferred Stock outstanding on the mandatory conversion date of August 28, 2016 shall be automatically converted into that number of fully-paid non-assessable shares of Rennova common stock which the holder thereof would have been entitled to receive had such shares of Rennova Series E Preferred Stock been converted into Rennova common stock as described above.

Transfer. No share of Rennova Series E Preferred Stock or any interest therein may be validly sold, assigned, awarded, pledged, encumbered, disposed or otherwise transferred, for consideration or otherwise, whether voluntarily, involuntarily or by operation of law, unless the holder receives from Rennova its prior written consent to such transfer. Any attempt to transfer without such consent by Rennova shall be null and void in all respects and the purported transferee shall not be recognized by Rennova as a holder of Rennova Series E Preferred Stock for any purpose whatsoever.

Waiver. Any of the rights, powers, preferences and other terms of the Rennova Series E Preferred Stock set forth in the Rennova Series E Certificate of Designation may be waived on behalf of all holders of Rennova Series E Preferred Stock by the affirmative written consent of stockholders holding a majority of the shares of the Rennova Series E Preferred Stock.

The full text of Rennova Series E Certificate of Designation is incorporated by reference in this prospectus. This summary is qualified in its entirety by reference to the full text of the Rennova Series E Certificate of Designation.

Options

As of December 21, 2015, we had outstanding options to purchase an aggregate of 1,822,675 shares of our common stock, with a weighted average exercise price of $6.74, pursuant to our Stock Plans, named above.

Warrants

As of December 21, 2015, we had outstanding warrants to purchase 446,947 shares of common stock at an exercise price of $9.40 per share, which are not exercisable until June 24, 2015 and which expire June 24, 2020. These warrants were issued in connection with the underwritten public offering which closed on June 25, 2014 for shares of its common stock.

In the event that the shares underlying the warrants are no longer registered under the Securities Act, the holder may, in its sole discretion, exercise the warrant in whole or in part and, in lieu of making cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, elect instead to receive upon such exercise the net number of shares determined according to the formula set forth in the warrant.

Subject to applicable laws, the warrants may be transferred at the option of the holders upon surrender of the warrants to us together with the appropriate instruments of transfer.

The exercise price is subject to adjustment in the event of sales of our common stock during the one-year period following the date of issuance at a price per share less than the exercise price then in effect (or securities convertible or exercisable into common stock at a conversion or exercise price less than the exercise price then in effect subject to customary exceptions). In addition, the exercise price and the number of shares issuable upon exercise are subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares, and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Upon the consummation of a Fundamental Transaction (as defined in the warrant), the holder of the warrant will have the right to receive, upon exercise of the warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of shares then issuable upon exercise in full of the warrant without regard to any limitations on exercise contained in the warrant.

Except as otherwise provided in the warrants or by virtue of such holder's ownership of our common stock, the holder of a warrant does not have the rights or privileges of a holder of our common stock, including any voting rights, until the holder exercises the warrant.

Currently, no public market exists for our outstanding warrants. We do not intend to apply for the listing of the outstanding warrants on any national securities exchange.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Certain provisions of Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Board Composition and Filling Vacancies

Our bylaws provide that any Director or the entire Board may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Directors shall be elected at the annual meeting of the stockholders and each Director elected shall hold office until his successor is elected and qualified; provided, however, that unless otherwise restricted by the Certificate of Incorporation or by law, any Director or the entire Board may be removed, either with or without cause, from the Board at any meeting of stockholders by a majority of the stock represented and entitled to vote thereat. Vacancies on the Board by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining Director. The Directors so chosen shall hold office until the next annual election of Directors and until their successors are duly elected and shall qualify, unless sooner displaced.

Meetings of Stockholders

Our certificate of incorporation and bylaws provide that only a majority of the members of our board of directors then in office may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our bylaws limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

Advance Notice Requirements

Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our bylaws specify the requirements as to form and content of all stockholders' notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting.

Amendment to Certificate of Incorporation and Bylaws

The Board may from time to time make, amend, supplement or repeal the Company's Bylaws by vote of a majority of the Board, and the stockholders may change or amend or repeal these Bylaws by the affirmative vote of the majority of holders of the Common Stock. In addition to and not in limitation of the foregoing, the Company's Bylaws or any of them may be amended or supplemented in any respect at any time, either: (i) at any meeting of stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting shall have been described or referred to in the notice of such meeting; or (ii) at any meeting of the Board, provided that any amendment or supplement proposed to be acted upon at any such meeting shall have been described or referred to in the notice of such meeting or an announcement with respect thereto shall have been made at the last previous Board meeting, and provided further that no amendment or supplement adopted by the Board shall vary or conflict with any amendment or supplement adopted by the stockholders.

Section 203 of the Delaware General Corporation Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or

- at or after the time the stockholder became interested, the business combination was approved by our board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Exchange Listing

Our common stock is listed on the Nasdaq Capital Market under the trading symbol “RNVA.” We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 250 Royall Street, Canton, MA 02021.

DESCRIPTION OF THE SECURITIES WE ARE OFFERING

We are offering Class A Units and Class B Units. Class A Units consist of one share of our common stock and a Warrant to purchase one share of our common stock at an exercise price equal to [●]. Class B Units consist of one share of our Series C Preferred, with a stated value of $1,000 and convertible into [●] shares of our common stock, together with [●] Warrants. Each of the (i) shares of common stock and Warrants part of a Class A Unit and (ii) the Series C Preferred and Warrants part of a Class B Unit, are immediately separable and will be issued separately in this offering.

Common Stock

The material terms and provisions of our common stock, our Series C Preferred and our other capital stock are described under the caption "Description of Capital Stock" starting on page 117 of the this prospectus.

Warrants

The following is a brief summary of certain terms and conditions of the warrants and is subject in all respects to the provisions contained in the warrants.

Form. The warrants will be issued either as individual warrant agreements to the investors or in electronic book-entry form crediting the account of such warrant holder. You should review a copy of the form of warrant, which is filed as an exhibit to the registration statement of which this prospectus forms a part, for a complete description of the terms and conditions applicable to the warrants.

Exercisability. The warrants are exercisable at any time after their original issuance, expected to be [●], 2015, and at any time up to the date that is five years after their original issuance. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the shares of common stock underlying the warrants under the Securities Act is effective and available for the issuance of such shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of shares of common stock purchased upon such exercise. If a registration statement registering the issuance of the shares of common stock underlying the warrants under the Securities Act is not effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of common stock determined according to the formula set forth in the warrant. No fractional shares of common stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

Exercise Limitation. A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of our common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99% upon at least 61 days' prior notice from the holder to us.

Exercise Price. The exercise price per whole share of common stock purchasable upon exercise of the warrants is $[●] per share of common stock. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability. Subject to applicable laws, the warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing. We have applied for the listing of the warrants offered in this offering on The Nasdaq Capital Market under the symbol "RNVAW." No assurance can be given that such listing will be approved or that a trading market will develop.

Fundamental Transactions. In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our common stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding common stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding common stock, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction.

Rights as a Stockholder. Except as otherwise provided in the warrants or by virtue of such holder's ownership of shares of our common stock, the holder of a warrant does not have the rights or privileges of a holder of our common stock, including any voting rights, until the holder exercises the warrant.

Transfer and Warrant Agent

The transfer and warrant agent of our securities, respectively, is Computershare Trust Company, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options and warrants, the conversion of outstanding preferred stock, or the anticipation of these sales, could adversely affect prevailing market prices from time to time and could impair our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of December 21, 2015, upon the completion of this offering we will have [●] shares of common stock outstanding, assuming (1) no exercise of the underwriters' option to purchase additional securities, (2) no conversion of the Series C Preferred and (3) no exercise of outstanding options or warrants. Of those shares, all of the shares sold in this offering will be freely tradable, except that any shares held by our "affiliates," as that term is defined in Rule 144 under the Securities Act, or Rule 144, may only be sold in compliance with the limitations described below.

Rule 144

In general, under Rule 144, any person who is not our affiliate and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not an affiliate of ours and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares without regard to whether current public information about us is available. A person who is our affiliate or who was our affiliate at any time during the preceding three months, and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately [●] shares immediately after this offering; or
- the average weekly trading volume of our common stock on the NASDAQ Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements, and to the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act, any of our stockholders who purchased shares from us in connection with a qualified compensatory stock plan or other written agreement before we became subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act is eligible to resell those shares in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirements of Rule 144, and a non-affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirements of Rule 144 and without regard to the volume of such sales or the availability of public information about the issuer.

As of December 21, 2015, options to purchase a total of 1,822,675 shares of common stock were outstanding, of which 1,720,210 were vested. Of the total number of shares of our common stock issuable under these options, substantially all are subject to contractual lock-up agreements with the underwriters described below, and will become eligible for sale at the expiration of those agreements unless held by an affiliate of ours.

Lock-Up Agreements

Our directors, executive officers and certain stockholders, have agreed with the underwriters that for a period of 90 days after the date of this prospectus, except with the prior written consent of the Representatives and subject to specified exceptions, we or they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

Equity Plans

Shares of our common stock issued under the CollabRx 2007 Incentive Award Plan, as amended, and the Medytox Solutions, Inc. 2013 Incentive Compensation Plan, are available for sale in the open market, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

UNDERWRITING

Aegis Capital Corp. is acting as the sole book-running manager of the offering and as representative of the underwriters, or the Representative. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, at the public offering price per share less the underwriting discount set forth on the cover page of this prospectus, the number of Class A Units and Class B Units set forth opposite its name below.

Underwriters	Number of Class A Units	Number of Class B Units
Aegis Capital Corp.		
Total		

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Class A Units and Class B Units sold under the underwriting agreement if any of these securities are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act relating to losses or claims resulting from material misstatements in or omissions from this prospectus, the registration statement of which this prospectus is a part, certain free writing prospectuses and testing-the-waters communications that may be used in the offering and in any marketing materials used in connection with this offering, and to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Class A Units and Class B Units, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Class A Units and Class B Units, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the Class A Units and Class B Units to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $[ ] per Class A Unit and $ [ ] per Class B Unit. The underwriters also may allow, and dealers may reallow, a concession not in excess of $[ ] per Class A Unit and $[ ] per Class B Unit to brokers and dealers. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Class A Unit	Per Class B Unit	Total	
			Without Overallotment Exercise	With Overallotment Exercise
Public offering price	$	$	$	$
Underwriting discount paid by us				
Proceeds, before expenses, to us				

The expenses of this offering, not including the underwriting discount, are estimated at $[ ].

In addition, we have agreed to reimburse the underwriters at closing for legal and other out-of-pocket accountable expenses incurred by them in connection with the offering in an amount not to exceed $125,000 in the aggregate.

On February 25, 2015, the Representative received from us a cash fee of $484,330.91 and warrants to acquire 11,520 shares of Common Stock at an exercise price of $12.60 per share in connection with the closing of an underwriting public offering of our shares of Common Stock.

On March 3, 2015, the Representative received from us a cash fee of $321,399.96 and warrants to acquire 7,087 shares of Common Stock at an exercise price of $15.90 per share in connection with the closing of an underwriting public offering of our shares of Common Stock.

On November 20, 2015, the Representative received from us a cash advisory fee of $500,000 and 179,411 restricted shares of Common Stock in connection with the closing of the Merger.

These restricted shares are subject to a 360-day lock-up pursuant to FINRA Rule 5110(g)(1) and will be deemed to be an item of value in connection with this offering pursuant to FINRA Rule 5110(c)(3).

Pursuant to FINRA Rule 5110(g)(1), these restricted shares shall not be sold during this offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the shares by any person for a period of 360 days immediately following the date of effectiveness or commencement of sales of this offering, except as provided in FINRA Rule 5110(g)(2).

Overallotment Option

We have granted an option to the underwriters to purchase up to $[●] of additional securities soley to cover overallotments, if any. The underwriters may exercise this option for 45 days from the date of the underwriting agreement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional securities proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

All of our executive officers and directors and certain other existing security holders have agreed that they will not, without the prior written consent of the Representative, offer, sell, contract to sell, pledge or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), by such person or any affiliate of such person or any person in privity with such person or any affiliate of such person, directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder with respect to, any shares of our common stock or any securities convertible into, or exercisable or exchangeable for our common stock, or publicly announce an intention to effect any such transaction, for a period ending on the date that is 90 days after the date of the Underwriting Agreement. The lock-up agreements contain certain exceptions. The lock-up provisions apply to shares of our common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition; *provided*, *however*, that if the person is not one of our officers or directors, the lock-up provision will generally not apply to shares of our common stock acquired in a directed share program instituted in connection with this offering, if any, or in open market transactions after the completion of this offering.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the securities is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our securities. However, the representatives may engage in transactions that stabilize the price of our securities, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our securities in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. “Covered” short sales are sales made in an amount not greater than the underwriters' overallotment option described above. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. “Naked” short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of our securities made by the underwriters in the open market prior to the closing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased securities sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NASDAQ Stock Market LLC, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Securities

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, one or more of the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers. Any such underwriter may allocate a limited number of securities for sale to its online brokerage customers. An electronic prospectus is available on the Internet websites maintained by any such underwriter. Other than the prospectus in electronic format, the information on the websites of any such underwriter is not part of this prospectus.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CollabRx has previously engaged Cantor Fitzgerald & Co. as an advisor, and in the last two years has paid Cantor Fitzgerald & Co. approximately $51,000.

CollabRx has previously engaged Ladenburg Thalmann & Co. Inc. ("Ladenburg") as an advisor and, in connection with the Merger, CollabRx paid Ladenburg $225,000.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive, each, a Relevant Member State, an offer to the public of any securities which are the subject of this offering may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
c) by the underwriters to fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of securities shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of securities within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of securities through any financial intermediary, other than offers made by the underwriters which constitute the final offering of securities contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an “offer to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any securities under, the offer of securities contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

a) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

b) in the case of any securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the securities acquired by it in this offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those securities to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (a) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (b) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This document, as well as any other material relating to the securities which are the subject of this offering, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The securities will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the securities, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The securities are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the securities with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This document, as well as any other material relating to the securities, is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with this offering and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The securities which are the subject of this offering may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial adviser.

Notice to Prospective Investors in Hong Kong

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The securities will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289), or SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the securities are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then shares, debentures and units of shares and accompanying warrants and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Australia

No prospectus, disclosure document, offering material or advertisement in relation to our securities has been lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Accordingly, a person may not (a) make, offer or invite applications for the issue, sale or purchase of our securities within, to or from Australia (including an offer or invitation which is received by a person in Australia) or (b) distribute or publish this prospectus or any other prospectus, disclosure document, offering material or advertisement relating to our common stock in Australia, unless (i) the minimum aggregate consideration payable by each offeree is the U.S. dollar equivalent of at least A$500,000 (disregarding monies lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (CWLTH) of Australia; and (ii) such action complies with all applicable laws and regulations.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon for us by Akerman LLP, Miami, Florida. The underwriters are being represented by Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, New York, New York.

EXPERTS

The consolidated balance sheets of CollabRx and subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the years in the two-year period ended March 31, 2015, have been audited by Burr Pilger Mayer, Inc., independent registered public accounting firm, as stated in their report which is incorporated by reference herein. Such financial statements have been incorporated by reference herein in reliance on the report of such firm given upon its authority as experts in accounting and auditing.

The audited consolidated financial statements of Medytox incorporated by reference in this registration statement have been so incorporated by reference in reliance upon the report of Green & Company, CPAs, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the securities being offered by this prospectus. This prospectus does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the securities offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street NE, Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

We are subject to the information and periodic reporting requirements of the Exchange Act, and we file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at http://www.rennovahealth.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not incorporated by reference in, and is not part of, this prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed by CollabRx, Inc. (Rennova Health, Inc. effective November 2, 2015) with the Commission are incorporated by reference into this prospectus. You should carefully read and consider all of these documents before making an investment decision:

- Annual Report on Form 10-K for the year ended March 31, 2015, filed with the Commission on June 26, 2015;
- Quarterly Reports on Form 10-Q for the quarter ended June 30, 2015, filed with the Commission on August 14, 2015, and for the quarter ended September 30, 2015, filed with the Commission on October 27, 2015;
- Current Reports on Form 8-K, filed with the Commission on April 7, 2015, April 17, 2015, July 29, 2015, October 22, 2015, and October 28, 2015;
- Current Reports on Form 8-K (Rennova Health, Inc. effective November 2, 2015), filed with the Commission on November 4, 2015, November 6, 2015, November 18, 2015, November 18, 2015 (an amendment on Form 8-K/A), November 20, 2015 (an amendment on Form 8-K/A), December 7, 2015 (an amendment on Form 8-K/A) and December 16, 2015 (an amendment on Form 8-K/A); and
- Description of common stock contained in the Company's Registration Statement on Form S-4 (File No. 333-205733) deemed effective by the Commission on September 22, 2015.

Nothing in this prospectus shall be deemed to incorporate information deemed furnished but not filed with the Commission. Any statement contained in a document that is incorporated by reference will be modified or superseded for all purposes to the extent that a statement contained in this prospectus modifies or is contrary to that previous statement. Any statement so modified or superseded will not be deemed a part of this prospectus except as so modified or superseded.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the reports or documents that have been incorporated by reference into this prospectus but not delivered with this prospectus. We will provide these reports upon written or oral request at no cost to the requester. Please direct your request, either in writing or by telephone, to the Corporate Secretary, Rennova Health, Inc., 400 S. Australian Avenue, Suite 800, West Palm Beach, Florida 33401, telephone number (561) 855-1626. We maintain a website at http://www.rennovahealth.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not incorporated by reference in, and is not part of, this prospectus.

[●] Class A Units consisting of Common Stock and
Warrants and [●] Class B Units consisting of
Series C Convertible Preferred Stock and Warrants

PROSPECTUS

Aegis Capital Corp

, 2015

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth an itemization of the various expenses, all of which we will pay, in connection with the issuance and distribution of the securities being registered. All of the amounts shown are estimated except the SEC Registration Fee and the FINRA Filing Fee.

SEC Registration Fee	$	3,022
FINRA Filing Fee		5,000
NASDAQ Listing Fee and Expenses		55,000
Printing and Engraving Fees		50,000
Legal Fees and Expenses		350,000
Accounting Fees and Expenses		175,000
Transfer Agent and Registrar Fees		5,000
Miscellaneous		20,000
Total	$	663,022

Item 14. Indemnification of Directors and Officers.

The following is a summary of the statutes, certificate of incorporation, and bylaw provisions or other arrangements under which Rennova's directors and officers are insured or indemnified against liability in their capacities as such. All the directors and officers of Rennova are covered by insurance policies maintained and held in effect by Rennova against certain liabilities for actions taken in their capacities as such, including liabilities under the Securities Act.

Section 145 of Delaware General Corporation Law.

Rennova is incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law ("DGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful.

Section 145 also provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation. However, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of Delaware or such other court shall deem proper.

Section 145 provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to above, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith; provided that indemnification provided for by Section 145 or granted pursuant thereto shall not be deemed exclusive of any other rights to which the indemnified party may be entitled.

A Delaware corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such whether or not the corporation would have the power to indemnify such person against such liabilities under Section 145.

Certificate of Incorporation Provisions on Exculpation and Indemnification.

Rennova's Certificate of Incorporation, as amended provides that the personal liability of the directors of Rennova is eliminated to the fullest extent permitted by paragraph (7) of Subsection 102 of the DGCL which provides that a director of Rennova shall not be personally liable to either Rennova for any of its stockholders for monetary damages for a breach of fiduciary duty except for: (i) breaches of the duty of loyalty to the corporation or its stockholders; (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of the law; (iii) as required by Section 174 of the DGCL; or (iv) a transaction resulting in an improper personal benefit. In addition the corporation has the power to indemnify any person serving as a director, officer or agent of the corporation to the fullest extent permitted by law.

Bylaws Provisions on Indemnification.

The Rennova bylaws generally provide that Rennova shall indemnify, to the fullest extent permitted by applicable law as it presently exists or may thereafter be amended, certain covered persons who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of Rennova or, while a director or officer of Rennova, is or was serving at the request of Rennova as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such covered person. The Rennova bylaws further specifies that the rights provided in the bylaws shall not be exclusive of any other rights that the covered person may have or thereafter acquire under any statute, provision of the Rennova charter, the Rennova bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Item 15. Recent Sales of Unregistered Securities.

In connection with Tegal Corporation's acquisition of CollabRx on July 12, 2012, Tegal agreed to issue 236,433 shares of our common stock to former stockholders of the private company CollabRx in exchange for all of the capital stock of CollabRx (the private company). The issuances of these shares were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), as sales of securities not involving any public offering.

Also in connection with the acquisition of the private company CollabRx, the Company issued (i) 239,417 RSUs to James Karis, who was appointed Co-Chief Executive Officer and a director of the Company in connection with the acquisition (the "Granted RSUs"), and (ii) 129,000 stock options to other newly hired employees (the "Granted Options"). These awards of RSUs and options were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated thereunder.

23,921 of the Granted RSUs vested on July 12, 2012. 17,970 additional RSUs were scheduled to vest on each of April 12, 2013 and July 12, 2013. Thereafter, 14,963 RSUs were scheduled to vest each quarter. Notwithstanding the foregoing, if Mr. Karis's employment with the Company was terminated by the Company other than for "Cause" or by Mr. Karis for "Good Reason" (each as defined in Mr. Karis's employment agreement, which was filed as Exhibit 10.2 to the Form 8-K filed on July 5, 2012) on or after July 12, 2014, 29,926 additional RSUs would immediately vest. Furthermore, if Mr. Karis's employment with the Company was terminated by the Company other than for Cause or by Mr. Karis for Good Reason within 3 months before or 12 months after a "change of control" (as defined in Mr. Karis's employment agreement), all of the then unvested RSUs would immediately vest.

The Granted Options were granted to seven newly hired employees. 10% of the options granted to each employee vested on July 12, 2012. 15% of the options granted to each employee were scheduled to vest on July 12, 2013, and 1/48th of the options granted to each employee were scheduled to vest on the last day of each month thereafter. The Granted Options have an exercise price of $3.94 per share.

Item 16. Exhibits and Financial Statement Schedules.

(a) **Exhibits**

See the Exhibit Index attached to this Registration Statement, which is incorporated by reference herein.

(b) **Financial Statement Schedules**

Financial Statement Schedules are omitted because the information is included in our financial statements or notes to those financial statements.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 14 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of West Palm Beach, State of Florida, on December 22, 2015.

RENNOVA HEALTH, INC.

By: /s/ Seamus Lagan
Name: Seamus Lagan
Title: Director, Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title(s)	Date
*	Chairman of the Board of Directors	December 22, 2015
Thomas R. Mika		
/s/ Seamus Lagan	Director, Chief Executive Officer and President (Principal Executive Officer)	December 22, 2015
Seamus Lagan		
/s/ Jason P. Adams	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 22, 2015
Jason P. Adams		
*	Director	December 22, 2015
Dr. Paul Billings		
*	Director	December 22, 2015
Christopher Diamantis		
	Director	
Benjamin Frank		
*	Director	December 22, 2015
Michael L. Goldberg		
*	Director	
Robert Lee		December 22, 2015

* By: /s/ Seamus Lagan
Seamus Lagan
Attorney-in-fact

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement
2.1	Agreement and Plan of Merger, dated June 29, 2012, by and among Tegal Corporation, CLBR Acquisition Corp., CollabRx, Inc. and CommerceOne, as Stockholders' Representative (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 5, 2012).
2.2	Agreement and Plan of Merger, dated as of April 15, 2015, by and among Medytox Solutions, Inc., CollabRx, Inc. and CollabRx Merger Sub, Inc. (incorporated by reference to Annex A to the Registrant's joint proxy statement/prospectus that was part of the registration statement on Form S-4, filed with the SEC on September 18, 2015).(1)
3.1	Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 14, 2013).
3.2	Restated Bylaws of Tegal Corporation (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on November 3, 2006).
3.3	Certificate of Amendment to Certificate of Incorporation of CollabRx, Inc., filed November 2, 2015 (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on November 6, 2015).
3.4	Certificate of Designation for Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on November 6, 2015).
3.5	Certificate of Designation for Series E Convertible Preferred Stock (incorporated by reference to Exhibit 3.3 of the Registrant's Current Report on Form 8-K filed with the SEC on November 6, 2015).
4.1	Stockholders Agreement, dated July 12, 2012, by and among Tegal Corporation and the stockholders identified therein (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
4.2	Form of Warrant.
4.3	Shareholder Rights Agreement, dated as of April 13, 2011, by and between Tegal Corporation and Registrar and Transfer Company (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form 8-A filed with the SEC on April 14, 2011).
4.4	Amendment to Shareholder Rights Agreement, dated April 15, 2015, by and between CollabRx, Inc. and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
4.5	Medytox Solutions, Inc. Senior Secured, Convertible, Redeemable Debenture, effective September 11, 2015 (incorporated by reference to Exhibit 4.1 to Medytox's Current Report on Form 8-K filed with the SEC on September 18, 2015.)
4.6	Form of Common Stock Certificate (3)
4.7	Form of Certificate of Designation for Series C Convertible Preferred Stock.
5.1	Opinion of Akerman LLP, counsel to the Registrant, with respect to the legality of the securities being registered.
10.1**	Fifth Amended and Restated Stock Option Plan for Outside Directors (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, for the quarter ended June 30, 2006, filed with the SEC on August 14, 2006.)
10.2**	Eighth Amended and Restated 1998 Equity Participation Plan of Tegal Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 filed with the SEC on August 14, 2006.)
10.3**	2007 Incentive Award Plan (incorporated by reference to Appendix A to the Registrant's definitive proxy statement on Schedule 14A, filed with the SEC on July 29, 2007).
10.4**	Second Amended and Restated Employee Qualified Stock Purchase Plan (incorporated by reference to Appendix C to the Registrant's revised definitive proxy statement on Schedule 14A filed with the SEC on July 29, 2004).
10.5	Form of Stock Option Agreement for Employees from the 2007 Incentive Award Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 21, 2007).

Exhibit Number	Description
10.6**	Form of Non-Qualified Stock Option Agreement for Employees from the Eighth Amended and Restated 1998 Equity Participation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 12, 2004).
10.7**	Form of Restricted Stock Unit Award Agreement from the Eighth Amended and Restated 1998 Equity Participation (incorporated by reference to Exhibit 10.5.4 to the Registrant's Current Report on Form 8-K filed with the SEC on July 11, 2005).
10.8**	Restricted Stock Unit Award Agreement between Tegal Corporation and Tom Mika, dated July 5, 2005, (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on July 11, 2005).
10.9**	Restricted Stock Unit Awards between Tegal Corporation and each of Thomas Mika and Christine Hergenrother, each dated October 7, 2010.
10.10	Warrant issued to se2quel Partners LLC dated January 14, 2011 (incorporated by reference to Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 21, 2011).
10.11	Warrant issued to se2quel Management GmbH dated January 14, 2011 (incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K filed with the SEC on January 21, 2011).
10.12	Warrant Transfer Agreement and replacement Warrants issued dated March 31, 2012 (incorporated by reference to Exhibit 99.5 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 14, 2012).
10.13	Warrant Transfer Agreement issued dated March 31, 2013 (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.14**	Employment Agreement, dated June 29, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 5, 2012).
10.15	Agreement Not to Compete, dated July 12, 2012, by and between Tegal Corporation and Jay M. Tenenbaum (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
10.16	Promissory Note issued by Tegal Corporation on July 12, 2012 to Jay M. Tenenbaum (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
10.17	Promissory Note issued by Tegal Corporation on July 12, 2012 to CommerceNet (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
10.18**	Restricted Stock Unit Award Agreement, dated July 12, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
10.19	Indemnity Agreement, dated July 12, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on July 18, 2012).
10.20**	Amendment No. 1 to Employment Agreement, dated as of December 7, 2012, by and between CollabRx, Inc. and James M. Karis (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 7, 2012).
10.21**	Amendment No. 1 to Restricted Stock Unit Award Agreement, dated as of December 7, 2012, by and between CollabRx, Inc. and James M. Karis (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on December 7, 2012).
10.22**	Employment Agreement, dated February 12, 2013, by and among CollabRx, Inc. and Thomas R. Mika (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 12, 2013).

Exhibit Number	Description
10.23**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Smruti Vidwans (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.24**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Michelle Turski (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.25**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Lisandra West (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.26**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Gavin Gordon (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.27**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and John Randy Gobbel (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.28**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and George Lundberg (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.29**	Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Jeff Shrager (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed with the SEC on June 27, 2013).
10.30	Loan and Security Agreement, dated January 16, 2015, between CollabRx, Inc. and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K filed with the SEC on January 22, 2015).
10.31	Agreement, dated January 16, 2015, between CollabRx, Inc. and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 22, 2015).
10.32	Parent Support Agreement, dated April 15, 2015, between Medytox Solutions, Inc. and Thomas R. Mika (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.33	Form of Company Support Agreement, dated April 15, 2015, between CollabRx, Inc. and certain Medytox Solutions, Inc. stockholders identified therein (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.34	Stockholders Agreement, dated April 15, 2015, among CollabRx, Inc., Thomas R. Mika and certain Medytox Solutions, Inc. stockholders identified therein (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.35	Agreement regarding Termination of Employment, dated April 15, 2015, among CollabRx, Inc., Medytox Solutions, Inc. and Thomas R. Mika (incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.36	Agreement regarding Termination of Employment, dated April 15, 2015, among CollabRx, Inc., Medytox Solutions, Inc. and Clifford Baron (incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.37	Form of Employment Agreement among New Sub, CollabRx, Inc. and Thomas R. Mika (incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.38	Form of Employment Agreement among New Sub, CollabRx, Inc. and Clifford Baron (incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K filed with the SEC on April 17, 2015).
10.39	Agreement, dated August 22, 2011, among Trident Laboratories, Inc., its shareholders and Medytox Institute of Laboratory Medicine, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on November 4, 2011.)
10.40	Agreement, dated August 22, 2011, among Medical Billing Choices, Inc., its shareholders and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on November 4, 2011.)
10.41	Promissory Note, dated as of December 6, 2011, issued by Medytox Solutions, Inc. to Valley View Drive Associates, LLC (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on December 12, 2011.)

Exhibit Number	Description
10.42	Convertible Promissory Note, dated as of December 6, 2011, issued by Medytox Solutions, Inc. to Valley View Drive Associates, LLC (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on December 12, 2011.)
10.43	Security Agreement, dated as of December 6, 2011, among Medytox Solutions, Inc., Medytox Management Solutions Corp., Medytox Institute of Laboratory Medicine, Inc. and Valley View Drive Associates, LLC (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K filed with the SEC on December 12, 2011.)
10.44	Membership Interest Purchase Agreement, dated as of February 16, 2012, between Marylu Villasenor Hall and Medytox Diagnostics, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on February 17, 2012.)
10.45	Secured Promissory Note, dated February 16, 2012, issued by Medytox Diagnostics, Inc. to Marylu Villasenor Hall (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on February 17, 2012.)
10.46	Senior Secured Revolving Credit Facility Agreement, dated as of April 30, 2012, among Medytox Solutions, Inc., Medytox Medical Marketing & Sales, Inc., Medytox Diagnostics, Inc., PB Laboratories, LLC and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.47	Revolving Promissory Note, dated April 30, 2012, issued by Medytox Solutions, Inc. to TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.48	Guaranty Agreement, dated as of April 30, 2012, by Medytox Medical Marketing & Sales, Inc. in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.49	Guaranty Agreement, dated as of April 30, 2012, by Medytox Diagnostics, Inc. in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.4 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.50	Guaranty Agreement, dated as of April 30, 2012, by PB Laboratories, LLC in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.5 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.51	Security Agreement, dated as of April 30, 2012, between Medytox Solutions, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.6 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.52	Security Agreement, dated as of April 30, 2012, between Medytox Medical Marketing & Sales, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.7 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.53	Security Agreement, dated as of April 30, 2012, between Medytox Diagnostics, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.8 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.54	Security Agreement, dated as of April 30, 2012, between PB Laboratories, LLC and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.9 to Medytox's Current Report on Form 8-K/A filed with the SEC on May 21, 2012.)
10.55	Amendment No. 1 to Senior Secured Revolving Credit Facility, dated as of July 31, 2012, among Medytox Solutions, Inc., Medytox Medical Marketing & Sales, Inc., Medytox Diagnostics, Inc., PB Laboratories, LLC and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on August 15, 2012.)
10.56	Amended and Restated Revolving Promissory Note, dated July 31, 2012, issued by Medytox Solutions, Inc. to TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on August 15, 2012.)
10.57	Amendment to Convertible Promissory Note, dated as of July 27, 2012, between Medytox Solutions, Inc. and Valley View Drive Associates, LLC (incorporated by reference to Exhibit 10.4 to Medytox's Current Report on Form 8-K filed with the SEC on August 15, 2012.)
10.58	Amendment to Security Agreement, dated as of July 27, 2012, among Medytox Solutions, Inc., Medytox Medical Management Solutions Corp. and Medytox Institute of Laboratory Medicine, Inc. in favor of Valley View Drive Associates, LLC (incorporated by reference to Exhibit 10.5 to Medytox's Current Report on Form 8-K filed with the SEC on August 15, 2012.)
10.59	Membership Interest Purchase Agreement, dated as of October 31, 2012, between Medytox Diagnostics, Inc. and Marylu Villasenor Hall (incorporated by reference to Exhibit 10.10 to Medytox's Quarterly Report on Form 10-Q/A filed with the SEC on November 21, 2012.)

Exhibit Number	Description
10.60	Secured Promissory Note, dated October 31, 2012, issued by Medytox Diagnostics, Inc. to Marylu Villasenor Hall (incorporated by reference to Exhibit 10.11 to Medytox's Quarterly Report on Form 10-Q/A filed with the SEC on November 21, 2012.)
10.61	Amendment No. 2 to Senior Secured Revolving Credit Facility Agreement, dated as of October 31, 2012, among Medytox Solutions, Inc., Medytox Medical Marketing & Sales, Inc., Medytox Diagnostics, Inc., PB Laboratories, LLC and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on December 17, 2012.)
10.62	Amended and Restated Revolving Promissory Note, dated October 31, 2012, issued by Medytox Solutions, Inc. to TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on December 17, 2012.)
10.63	Stock Purchase Agreement, dated as of December 7, 2012, between Luisa G. Suarez and Medytox Diagnostics, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on December 19, 2012.)
10.64	Stock Purchase Agreement, dated as of December 7, 2012, between Balbino Suarez and Medytox Diagnostics, Inc.(incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on December 19, 2012.)
10.65	Secured Promissory Note, dated December 7, 2012, issued by Medytox Diagnostics, Inc. to Balbino Suarez (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K filed with the SEC on December 19, 2012.)
10.66	Guarantee of Medytox Solutions, Inc., dated December 7, 2012, of Secured Promissory Note issued to Balbino Suarez (incorporated by reference to Exhibit 10.4 to Medytox's Current Report on Form 8-K filed with the SEC on December 19, 2012.)
10.67	Option Agreement, dated as of December 31, 2012, between Joseph Fahoome and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on January 15, 2013.)
10.68	Option Agreement, dated as of December 31, 2012, between Robert Kuechenberg and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on January 15, 2013.)
10.69	Amendment No. 3 to Senior Secured Revolving Credit Facility Agreement, dated as of February 28, 2013, among Medytox Solutions, Inc., Medytox Medical Marketing & Sales, Inc., Medytox Diagnostics, Inc., PB Laboratories, LLC, Biohealth Medical Laboratory, Inc., Advantage Reference Labs, Inc., and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.70	Amended and Restated Revolving Promissory Note, dated February 28, 2013, by Medytox Solutions, Inc. to TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.71	Guaranty Agreement, dated as of January 22, 2013, by Biohealth Medical Laboratory, Inc. in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.72	Security Agreement, dated as of January 22, 2013, between Biohealth Medical Laboratory, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.4 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.73	Guaranty Agreement, dated as of February 28, 2013, by Advantage Reference Labs, Inc. in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.5 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.74	Security Agreement, dated as of February 28, 2013, between Advantage Reference Labs, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.6 to Medytox's Current Report on Form 8-K filed with the SEC on March 15, 2013.)
10.75	Consulting Agreement, dated May 25, 2011, between Seamus Lagan and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.37 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.76	Consulting Agreement, dated October 3, 2011, between Alcimede LLC and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.38 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)

Exhibit Number	Description
10.77	Consulting Agreement, dated as of October 1, 2012, between Alcimede LLC and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.39 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.78**	Employment Agreement, dated as of October 1, 2012, between Medytox Solutions, Inc. and Dr. Thomas F. Mendolia (incorporated by reference to Exhibit 10.45 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.79	Stock Purchase Agreement, dated as of January 1, 2013, among Bill White, Jackson R. Ellis and Medytox Diagnostics, Inc. (incorporated by reference to Exhibit 10.46 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.80	Secured Promissory Note, dated January 1, 2013, issued by Medytox Diagnostics, Inc. to Bill White (incorporated by reference to Exhibit 10.47 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.81	Secured Promissory Note, dated January 1, 2013, issued by Medytox Diagnostics, Inc. to Jackson R. Ellis (incorporated by reference to Exhibit 10.48 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.82	Promissory Note, dated March 13, 2013, issued by Alethea Laboratories, Inc. to Summit Diagnostics, LLC (incorporated by reference to Exhibit 10.49 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.83	Membership Interest Purchase Agreement, dated as of January 14, 2013, as amended, among Reginald Samuels, Ralph Perricelli and Medytox Diagnostics, Inc. (incorporated by reference to Exhibit 10.50 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.84	Convertible Debenture, dated April 4, 2013, issued by Medytox Solutions, Inc. to Reginald Samuels (incorporated by reference to Exhibit 10.51 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.85	Convertible Debenture, dated April 4, 2013, issued by Medytox Solutions, Inc. to Ralph Perricelli (incorporated by reference to Exhibit 10.52 to Medytox's Annual Report on Form 10-K filed with the SEC on April 16, 2013.)
10.86	Option Agreement, effective as of April 19, 2013, between Christopher E. Diamantis and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on April 26, 2013.)
10.87	Option Agreement, effective as of April 19, 2013, between Benjamin Frank and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on April 26, 2013.)
10.88	Amendment No. 4 to Senior Secured Revolving Credit Facility Agreement, dated as of June 30, 2013, among Medytox Solutions, Inc., Medytox Medical Marketing & Sales, Inc., Medytox Diagnostics, Inc., PB Laboratories, LLC, Biohealth Medical Laboratory, Inc., Advantage Reference Labs, Inc., International Technologies, LLC, Alethea Laboratories, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)
10.89	Fourth Amended and Restated Revolving Promissory Note, dated June 30, 2013 (effective date July 15, 2013), issued by Medytox Solutions, Inc. to TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)
10.90	Guaranty Agreement, dated as of July 15, 2013, by International Technologies, LLC in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)
10.91	Security Agreement, dated as of July 15, 2013, between International Technologies, LLC and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.4 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)
10.92	Guaranty Agreement, dated as of July 15, 2013, by Alethea Laboratories, Inc. in favor of TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.5 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)
10.93	Security Agreement, dated as of July 15, 2013, between Alethea Laboratories, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.6 to Medytox's Current Report on Form 8-K filed with the SEC on July 24, 2013.)

Exhibit Number	Description
10.94	Amendment, dated July 12, 2013, to the Agreement, dated August 22, 2011, among Medical Billing Choices, Inc., its shareholders and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.53 to Medytox's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2013.)
10.95**	Form of Medytox Solutions, Inc. 2013 Incentive Compensation Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on March 19, 2014.)
10.96	Stock Purchase Agreement, dated as of March 18, 2014, by and among Clinlab, Inc., Daniel Stewart, James A. Wilson, Medytox Information Technology, Inc. and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.65 to Medytox's Annual Report on Form 10-K filed with the SEC on March 31, 2014.)
10.97	Form of Purchase Option Agreement between Medytox Solutions, Inc., and each holder of Series B Preferred Stock (incorporated by reference to Exhibit 10.66 to Medytox's Annual Report on Form 10-K filed with the SEC on March 31, 2014.)
10.98	Consulting Agreement, dated March 15, 2014, between Medytox Solutions, Inc. and SS International Consulting, Ltd. (incorporated by reference to Exhibit 10.67 to Medytox's Annual Report on Form 10-K filed with the SEC on March 31, 2014.)
10.99	Stock Purchase Agreement, dated as of August 26, 2014, by and among Epinex Diagnostics Laboratories, Inc., Epinex Diagnostics, Inc., Medytox Diagnostics, Inc. and Medytox Solutions, Inc. (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on August 28, 2014.)
10.100**	Agreement for the Retirement as CEO and Release of Any and All Claims by and between Medytox Solutions, Inc. and William G. Forhan, dated August 26, 2014, effective as of September 11, 2014 (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on September 12, 2014.)
10.101	Amendment to Consulting Agreement, by and between Medytox Solutions, Inc. and Alcimede LLC, dated as of September 11, 2014 (incorporated by reference to Exhibit 10.2 to Medytox's Current Report on Form 8-K filed with the SEC on September 12, 2014.)
10.102**	Employment Agreement by and between Medytox Solutions, Inc. and Samuel R. Mitchell, dated as of February 4, 2015 (incorporated by reference to Exhibit 10.1 to Medytox's Current Report on Form 8-K filed with the SEC on February 18, 2015).
10.103**	Amendment to the Tegal Corporation 2007 Incentive Award Plan (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 filed with the SEC on July 7, 2011).
10.104	Amendment to Consulting Agreement, by and between SS International Consulting Ltd. and Medytox Solutions, Inc., dated as of June 30, 2015 (incorporated by reference to Exhibit 10.1 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.105**	Employment Agreement, dated as of September 9, 2015, between Medytox Solutions, Inc. and Jason P. Adams (incorporated by reference to Exhibit 10.2 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.106**	Amendment to Employment Agreement, dated as of June 16, 2015, between Medytox Solutions, Inc. and Sharon Hollis (incorporated by reference to Exhibit 10.3 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.107	Securities Purchase Agreement, effective September 11, 2015, by and between Medytox Solutions, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.1 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.108	Form of Guaranty Agreement (incorporated by reference to Exhibit 10.2 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.109	Security Agreement, effective September 11, 2015 by and between Medytox Solutions, Inc. and TCA Global Credit Master Fund, LP (incorporated by reference to Exhibit 10.3 to Medytox's Current Report on Form 8-K filed with the SEC on September 18, 2015).
10.110	Form of Security Agreement (incorporated by reference to Exhibit 10.4 to Medytox’s Current Report on Form 8-K filed with the SEC on September 18, 2015.)
10.111	Medytox Solutions, Inc. 2013 Incentive Compensation Plan, filed as Exhibit 4.1 to Medytox's Registration Statement on Form S-8 filed with the SEC on December 23, 2013 and incorporated by reference herein.

Exhibit Number	Description
21.1	List of Subsidiaries of the Registrant (3)
23.1	Consent of Independent Registered Public Accounting Firm – Burr Pilger Mayer, Inc.
23.2	Consent of Independent Registered Public Accounting Firm – Green & Company, CPAs.
23.3	Consent of Akerman LLP (included in Exhibit 5.1).
24.1	Power of Attorney for Rennova Health, Inc. (3)
101.INS	XBRL Instance Document. (2)
101.SCH	XBRL Taxonomy Extension Schema Document. (2)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (2)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (2)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (2)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (2)

(1) The exhibits to the Agreement and Plan of Merger have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Rennova Health, Inc. will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

(2) Filed as exhibits to the Company's Form 10-K for the year ended March 31, 2015 and Form 10-Q for the quarter ended September 30, 2015, filed on June 26, 2015 and October 27, 2015, respectively, with corresponding exhibit numbers, and incorporated herein by reference.

(3) Previously filed.

** Management contract for compensatory plan or arrangement.

Exhibit 1.1

UNDERWRITING AGREEMENT

between

RENNOVA HEALTH, INC.

and

AEGIS CAPITAL CORP.,

as Representative of the Several Underwriters

RENNOVA HEALTH, INC.

UNDERWRITING AGREEMENT

New York, New York
December [__], 2015

Aegis Capital Corp.
As Representative of the several Underwriters named on Schedule 1 attached hereto
810 Seventh Avenue, 18th Floor
New York, New York 10019

Ladies and Gentlemen:

The undersigned, Rennova Health, Inc., a corporation formed under the laws of the State of Delaware (collectively with its subsidiaries and affiliates, including, without limitation, all entities disclosed or described in the Registration Statement (as hereinafter defined) as being subsidiaries or affiliates of Rennova Health, Inc. (the "**Company**"), hereby confirms its agreement (this "**Agreement**") with Aegis Capital Corp. (hereinafter referred to as "you" (including its correlatives) or the "**Representative**") and with the other underwriters named on Schedule 1 hereto for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the "**Underwriters**" or, individually, an "**Underwriter**") as follows:

1. Purchase and Sale of Securities.

1.1 Firm Securities.

1.1.1. Nature and Purchase of Firm Securities.

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, an aggregate of [•] (i) Series A Units (the "**Firm Series A Units** "), each Firm Series A Unit consisting of one share of the Company's common stock, par value $0.01 per share (the "**Common Stock**"), and one warrant (each, a "Warrant" and collectively, the "Warrants"), each warrant to purchase one (1) share of Common Stock at an exercise price of $[ ] per share and (ii) [•] Series B Units (the "Firm Series B Units") each Firm Series B Unit consisting of one share of Series [•] Convertible Preferred Stock (the "Preferred Shares") and [•] Warrants, each Warrant to purchase one share of Common Stock (each, a "**Firm Security**" and, collectively, the "**Firm Securities**"). The securities comprising the Firm Securities will be separately transferable immediately upon issuance.

(ii) The Underwriters, severally and not jointly, agree to purchase from the Company the number of Firm Series A Units and Firm Series B Units set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof at a purchase price of $[•] per Firm Series A Unit (93% of the per Firm Series A Unit offering price) and [•] per Firm Series B Unit (93% of the Firm Series B Unit offering price). The Firm Securities are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

1.1.2. Securities Payment and Delivery.

(i) Delivery and payment for the Firm Securities shall be made at 10:00 a.m., Eastern time, on the third (3rd) Business Day following the effective date (the "**Effective Date**") of the Registration Statement (as defined in Section 2.1.1 below) (or the fourth (4th) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, 1633 Broadway, New York, NY 10019 (" **Representative Counsel**"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Securities is called the "**Closing Date**."

(ii) Payment for the Firm Securities shall be made on the Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriters) representing the Firm Securities (or through the facilities of the Depository Trust Company ("**DTC**")) for the account of the Underwriters. The Firm Securities shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Securities except upon tender of payment by the Representative for all of the Firm Securities. The term "**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

1.2 Over-allotment Option.

1.2.1. Additional Securities. The Company hereby grants to the Underwriters an option (the "**Over-allotment Option**") to purchase up to (i) 15% of (a) the number of shares of Common Stock included in the Firm Series A Units and (b) the number of Preferred Shares included in the Firm Series B Units (provided, however, that the Representative may, at its sole, option, elect to receive the number of shares of Common Stock issuable upon conversion of such Preferred Shares) and/or (ii) 15% of the number of Warrants included in the Firm Securities, for the sole purpose of covering over-allotment of such securities, if any. The shares of Common Stock sold pursuant to the Over-allotment Option are referred to as the "**Option Shares**", the warrants sold pursuant to the Over-allotment Option are referred to as the "**Option Warrants**" and the additional Preferred Shares sold pursuant to the Over-allotment Option are referred to as the "**Option Preferred Shares**", and the Option Shares, the Option Warrants and the Option Preferred Shares are referred to as the "**Option Securities**". The purchase price to be paid per Option Share shall be equal to the price per Firm Security set forth in Section 1.1.1 hereof, the purchase price per Option Preferred Share shall be $[•] and the purchase price per Option Warrant shall be $0.0001. The Firm Securities, the Option Securities, the Conversion Shares (as hereinafter defined) and the Warrant Shares (as hereinafter defined) are hereinafter referred to together as the "**Public Securities**". The offering and sale of the Public Securities is herein referred to as the "**Offering**". The shares of Common Stock included in the Public Securities are referred to as the "**Offered Shares**"; the shares of Common Stock issuable upon conversion of the Preferred Shares and the Option Preferred Shares are referred to as the "**Conversion Shares**"; and the shares of Common Stock issuable upon exercise of the Warrants and the Option Warrants are referred to as the "**Warrant Shares**".

1.2.2. Exercise of Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of any combination of Option Securities within 45 days after the Effective Date. The purchase price to be paid per Option Warrant shall be equal to $0.0001 per Option Warrant. The Underwriters shall not be under any obligation to purchase any Option Securities prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Shares and Option Preferred Shares and/or Option Warrants to be purchased and the date and time for delivery of and payment for the Option Securities (the "**Option Closing Date**"), which shall not be later than five (5) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Representative Counsel or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Securities does not occur on the Closing Date, each Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option with respect to all or any portion of the Option Securities, subject to the terms and conditions set forth herein, (i) the Company shall become obligated to sell to the Underwriters the number of Option Shares, Option Preferred Shares and/or Option Warrants specified in such notice and (ii) each of the Underwriters, acting severally and not jointly, shall purchase that portion of the total number of Option Shares, Option Preferred Shares and/or Option Warrants then being purchased as set forth in Schedule 1 opposite the name of such Underwriter.

1.2.3. Payment and Delivery. Payment for the Option Securities shall be made on the Option Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriters) representing the Option Securities (or through the facilities of DTC) for the account of the Underwriters. The Option Securities shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Securities except upon tender of payment by the Representative for applicable Option Securities.

1.3 [Intentionally Omitted]

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1 Filing of Registration Statement.

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the "**Commission**") a registration statement, and an amendment or amendments thereto, on Form S-1 (File No. 333-208157), including any related prospectus or prospectuses, for the registration of the sale of the Public Securities under the Securities Act of 1933, as amended (the "**Securities Act**"), which registration statement and amendment or amendments have been prepared by the Company in all material respects in conformity with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**") and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "**Rule 430A Information**")), is referred to herein as the "**Registration Statement**." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "**Registration Statement**" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "**Preliminary Prospectus**." The Preliminary Prospectus, subject to completion, dated December [ ], 2015, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "**Pricing Prospectus**." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "**Prospectus**." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

"**Applicable Time**" means [•] [a.m./p.m.], Eastern time, on the date of this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("**Rule 433**"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Issuer General Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "**Bona Fide Electronic Road Show**")), as evidenced by its being specified in Schedule 2-B hereto.

"**Issuer Limited Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"**Pricing Disclosure Package**" means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 2-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The shares of Common Stock are registered pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Company filed with the Commission a Registration Statement on Form 8-A (File Number 001-[ ]) providing for the registration of the Warrants pursuant to Section 12(b) under the Exchange Act. The registration of the Warrants under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the shares of Common Stock or Warrants under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2 Stock Exchange Listing. The Common Stock is listed on the NASDAQ Capital Market (the "**Exchange**"), the Warrants are approved for listing on the Exchange, and Company has taken no action designed to, or likely to have the effect of, delisting the Common Stock or Warrants from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The Company has filed an application for the Listing of Additional Shares with the Exchange to list the Firm Shares, Option Shares and Conversion Shares and the shares of Common Stock underlying the Firm Warrants, and Option Warrants and Option Preferred Shares.

2.3 No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company's knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information.

2.4 Disclosures in Registration Statement.

2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Limited Use Free Writing Prospectus hereto does not conflict with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and each such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following disclosure contained in the "Underwriting" section of the Prospectus: (a) the information set forth under the sub-captions "Commissions and Discounts," "Price Stabilization, Short Positions and Penalty Bids," and "Electronic Offer, Sale and Distribution of Shares," and (b) the table showing the number of securities to be purchased by each Underwriter (the "**Underwriters' Information**").

(iv) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained or incorporated by reference therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed or incorporated by reference. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and (i) that is referred to or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (ii) is material to the Company's business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. None of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in material default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a material default thereunder. To the best of the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a "**Governmental Entity**"), including, without limitation, those relating to environmental laws and regulations, except for such violations as would not reasonably be expected to result in a Material Adverse Change.

2.4.3. Prior Securities Transactions. No securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company since April 1, 2013, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

2.4.4. Regulations. The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and all foreign regulation on the Offering and the Company's business as currently contemplated are correct in all material respects and no other such regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.4.5. No Other Distribution of Offering Materials. The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the Offering other than any Preliminary Prospectus, the Prospectus and other materials, if any, permitted under the Securities Act and consistent with Section 3.2 below.

2.5 Changes After Dates in Registration Statement.

2.5.1. No Material Adverse Change . Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial position or results of operations of the Company, nor any change or development that, singularly or in the aggregate, would involve a material adverse change or a prospective material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company (a "**Material Adverse Change**"); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; and (iii) no officer or director of the Company has resigned from any position with the Company.

2.5.2. Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

2.6 Disclosures in Commission Filings. None of the Company's filings with the Commission contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (ii) the Company has made all filings with the Commission required under the Exchange Act and the rules and regulations of the Commission promulgated thereunder (the "**Exchange Act Regulations**").

2.7 Independent Accountants. To the knowledge of the Company, each of Burr Pilger Mayer, Inc. and Green & Company, CPAs, (each, an "**Auditor**" and together, the "**Auditors**"), whose report is filed with the Commission and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board. Each of the Auditors has not, during the periods covered by the financial statements incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act. The Company had no disagreement with the Auditors or with DKM Certified Public Accountants (the " **Prior Auditor**") on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of the Auditors or the Prior Auditor, would or should have caused the Auditors or the Prior Auditors to make a reference to the subject matter of the disagreements in connection with its respective reports on the consolidated financial statements of the Company. Since April 1, 2013, no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K have occurred. To the knowledge of the Company, Green & Company, CPAs is not subject to any action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or threatened. The suspension of the Prior Auditor by the Commission is not related to the Company and has no impact on the financial statements of the Company incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.8 Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission), if any, comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) neither the Company nor any of its direct and indirect subsidiaries, including each entity disclosed or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus as being a subsidiary of the Company (each, a "**Subsidiary**" and, collectively, the "**Subsidiaries**"), has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company or any of its Subsidiaries, or, other than in the ordinary course of business, any grants under any stock compensation plan, and (d) there has not been any material adverse change in the Company's long-term or short-term debt.

2.9 Authorized Capital; Options, etc. The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted stock capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock of the Company or any security convertible or exercisable into shares of Common Stock of the Company, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

2.10 Valid Issuance of Securities, etc.

2.10.1. Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offers and sales of the outstanding shares of Common Stock were at all relevant times either registered under the Securities Act and the applicable state securities or "blue sky" laws or, based in part on the representations and warranties of the purchasers of such shares, exempt from such registration requirements.

2.10.2. Securities Sold Pursuant to this Agreement. The Public Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities has been duly and validly taken. The Public Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The Warrants Shares and the Conversion Shares have been duly authorized for issuance, will conform in all material respects to the description thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus and have been validly reserved for future issuance and will, upon exercise of the Warrants and payment of the exercise price thereof in accordance with the terms of the Warrants, or upon conversion of the Preferred Shares in accordance with the Certificate of Designation of Preferences, Rights and Limitations of the Series [ ] Convertible Preferred Stock (the "**Certificate of Designation**"), as applicable, be validly issued, fully paid and non-assessable, will not subject to the holders thereof to personal liability by reason of being such holders, and will not have been issued in violation of or subject to preemptive or similar rights to subscribe for or purchase securities of the Company.

2.11 Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company.

2.12 Validity and Binding Effect of Agreements. This Agreement, the Warrants and the Certificate of Designation have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The Certificate of Designation will be filed with the Secretary of State of the State of Delaware.

2.13 No Conflicts, etc. The execution, delivery and performance by the Company of this Agreement and all ancillary documents, the filing of the Certificate of Designation with the Secretary of State of the State of Delaware, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a breach of, or conflict with any of the terms and provisions of, or constitute a default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which the Company is a party; (ii) result in any violation of the provisions of the Company's Certificate of Incorporation (as the same may be amended or restated from time to time, the "**Charter**") or the by-laws of the Company; or (iii) violate any existing applicable law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof (including, without limitation, those promulgated by the Food and Drug Administration of the U.S. Department of Health and Human Services (the "**FDA**") or by any foreign, federal, state or local regulatory authority performing functions similar to those performed by the FDA) except as to (i) and (iii), where such breach, conflict, default, lien, charge, encumbrance or violation would not have or reasonably be expected to result in a Material Adverse Change.

2.14 No Defaults; Violations. No material default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject. The Company is not in violation of any term or provision of its Charter or by-laws, or in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any Governmental Entity, except as would not reasonably be expected to result in a Material Adverse Change.

2.15 Corporate Power; Licenses; Consents.

2.15.1. Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to have any such authorization, approval, order, license, certificate or permit would not have or reasonably be expected to result in a Material Adverse Change.

2.15.2. Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement, the Warrants, the Certificate of Designation, and to carry out the provisions and conditions hereof, and all consents, authorizations, approvals and orders required in connection therewith have been obtained. No consent, authorization or order of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and delivery of the Public Securities and the consummation of the transactions and agreements contemplated by this Agreement, the Warrants and the Certificate of Designation and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal and state securities laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("**FINRA**").

2.16 D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires (the "**Questionnaires**") completed by each of the Company's directors and officers prior to the Offering (the "**Insiders**") as supplemented by all information concerning the Company's directors, officers and principal shareholders as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, as well as in the Lock-Up Agreement (as defined in Section 2.26 below), provided to the Underwriters, is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate and incorrect.

2.17 Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened against, or involving the Company or, to the Company's knowledge, any executive officer or director where in any such case (i) there is (in the case of pending actions, suits or proceedings, to the Company's knowledge) a substantial likelihood that such action, suit, proceeding, arbitration or litigation will be determined adversely to the Company or such officer or director, (ii) any such action, suit, proceeding, arbitration or litigation, if so determined adversely, would reasonably be expected to result in a Material Adverse Change or adversely affect the consummation of the transactions contemplated by this Agreement or (iii) any such action, suit, proceeding, arbitration or litigation is or would be material in the context of the sale of shares of Public Securities of the Company, which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or in connection with the Company's listing application for the listing of the Public Securities on the Exchange.

2.18 Good Standing. The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of Delaware as of the date hereof, and is duly qualified to do business and is in good standing in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify, singularly or in the aggregate, would not have or reasonably be expected to result in a Material Adverse Change.

2.19 Insurance. The Company carries or is entitled to the benefits of insurance, with reputable insurers, in such amounts and covering such risks which the Company believes are adequate, and all such insurance is in full force and effect. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change.

2.20 Transactions Affecting Disclosure to FINRA.

2.20.1. Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its stockholders that may affect the Underwriters' compensation, as determined by FINRA.

2.20.2. Payments Within Twelve (12) Months. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the Effective Date, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.20.3. Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.20.4. FINRA Affiliation. Except as disclosed to the Representative or as as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no (i) officer or director of the Company, (ii) beneficial owner of 5% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities which were acquired during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

2.20.5. Information. All information provided by the Company in its FINRA questionnaire to Representative Counsel specifically for use by Representative Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

2.21 Foreign Corrupt Practices Act. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, might have had a Material Adverse Change or (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

2.22 Compliance with OFAC. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

2.23 Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

2.24 Regulatory. All preclinical and clinical studies conducted by or on behalf of the Company that are material to the Company and its Subsidiaries, taken as a whole, are or have been adequately described in the Registration Statement, the Pricing Disclosure Package and the Prospectus in all material respects. The clinical and preclinical studies conducted by or on behalf of the Company and its Subsidiaries that are described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus were and, if still ongoing, are being conducted in material compliance with all laws and regulations applicable thereto in the jurisdictions in which they are being conducted and with all laws and regulations applicable to preclinical and clinical studies from which data will be submitted to support marketing approval. The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of the results of such studies are accurate and complete in all material respects and fairly present the data derived from such studies, and the Company has no knowledge of, or reason to believe that, any large well-controlled clinical study the aggregate results of which are inconsistent with or otherwise call into question the results of any clinical study conducted by or on behalf of the Company that are described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not received any written notices or statements from the FDA, the European Medicines Agency ("**EMA**") or any other governmental agency or authority imposing, requiring, requesting or suggesting a clinical hold, termination, suspension or material modification for or of any clinical or preclinical studies that are described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not received any written notices or statements from the FDA, the EMA or any other governmental authority, and otherwise has no knowledge of, or reason to believe that, (i) any investigational new drug application for potential product of the Company is or has been rejected or determined to be non-approvable or conditionally approvable; and (ii) any license, approval, permit or authorization to conduct any clinical trial of any potential product of the Company has been, will be or may be suspended, revoked, modified or limited.

2.25 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to you or to Representative Counsel shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2.26 Lock-Up Agreements. Schedule 3 hereto contains a complete and accurate list of the Company's officers and directors and certain other holders of shares of Common Stock heretofore agreed upon between you and the Company (collectively, the "**Lock-Up Parties**"). The Company has caused each of the Lock-Up Parties to deliver to the Representative an executed Lock-Up Agreement, in the form attached hereto as Exhibit A **(**the "**Lock-Up Agreement**"), prior to the execution of this Agreement.

2.27 Subsidiaries. All direct and indirect Subsidiaries of the Company are duly organized and in good standing under the laws of the place of organization or incorporation, and each Subsidiary is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify would not have a material adverse effect on the assets, business or operations of the Company taken as a whole. The Company's ownership and control of each Subsidiary is as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.28 Related Party Transactions. There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

2.29 Board of Directors. The Board of Directors of the Company is comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the Exchange Act Regulations, the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "**Sarbanes-Oxley Act**") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

2.30 Sarbanes-Oxley Compliance.

2.30.1. Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that comply with Rule 13a-15 or 15d-15 under the Exchange Act Regulations applicable to it, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.30.2. Compliance. The Company is, or at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act.

2.31 Accounting Controls. The Company and its Subsidiaries maintain systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in its internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

2.32 No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

2.33 No Labor Disputes. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent.

2.34 Intellectual Property Rights. The Company and each of its Subsidiaries owns or possesses or has valid rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("**Intellectual Property Rights**") necessary for the conduct of the business of the Company and its Subsidiaries as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. To the knowledge of the Company, no action or use by the Company or any of its Subsidiaries necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus will involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property Rights of others. Neither the Company nor any of its Subsidiaries has received any notice alleging any such infringement, fee or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim, that would, individually or in the aggregate, together with any other claims in this Section 2.34, reasonably be expected to result in a Material Adverse Change; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.34, reasonably be expected to result in a Material Adverse Change; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.34, reasonably be expected to result in a Material Adverse Change; and (E) to the Company's knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company, or actions undertaken by the employee while employed with the Company and could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. To the Company's knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not described therein. The Registration Statement, the Pricing Disclosure Package and the Prospectus contain in all material respects the same description of the matters set forth in the preceding sentence. None of the technology employed by the Company has been obtained or is being used by the Company in material violation of any contractual obligation binding on the Company or, to the Company's knowledge, any of its officers, directors or employees, or otherwise in material violation of the rights of any persons.

2.35 Taxes. Each of the Company and its Subsidiaries has filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, each of the Company and its Subsidiaries has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company or such respective Subsidiary. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company. The term "**taxes**" mean all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term "**returns**" means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

2.36 ERISA Compliance. The Company and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company or its "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company, any member of any group of organizations described in Sections 414(b), (c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates. No "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

2.37 Compliance with Laws. The Company: (A) is and at all times has been in compliance with all statutes, rules, or regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product manufactured or distributed by the Company ("**Applicable Laws**"), except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any FDA Form 483, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from the U.S. Food and Drug Administration or any other governmental authority alleging or asserting noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws ("**Authorizations**"); (C) possesses all material Authorizations and such Authorizations are valid and in full force and effect and the Company is not in material violation of any term of any such Authorizations, in each case except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (D) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any governmental authority or third party alleging that any product operation or activity is in violation of any Applicable Laws or Authorizations and has no knowledge that any such governmental authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) has not received written notice that any governmental authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations, in each case except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change, and has no knowledge that any such governmental authority is considering such action; (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission); and (G) has not, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post-sale warning, "dear doctor" letter, or other notice or action relating to the alleged lack of safety or efficacy of any product or any alleged product defect or violation and, to the Company's knowledge, no third party has initiated, conducted or intends to initiate any such notice or action.

2.38 Environmental Laws. The Company is in compliance with all foreign, federal, state and local rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety or the environment which are applicable to their businesses ("**Environmental Laws**"), except where the failure to comply would not, singularly or in the aggregate, result in a Material Adverse Change. There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or other wastes or other hazardous substances by, due to, or caused by the Company (or, to the Company's knowledge, any other entity for whose acts or omissions the Company is or may otherwise be liable) upon any of the property now or previously owned or leased by the Company, or upon any other property, in violation of any law, statute, ordinance, rule, regulation, order, judgment, decree or permit or which would, under any law, statute, ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which would not have, singularly or in the aggregate with all such violations and liabilities, a Material Adverse Change; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances with respect to which the Company has knowledge, except for any such disposal, discharge, emission, or other release of any kind which would not have, singularly or in the aggregate with all such discharges and other releases, a Material Adverse Change. In the ordinary course of business, the Company conducts periodic reviews of the effect of Environmental Laws on its business and assets, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or governmental permits issued thereunder, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such reviews, the Company has reasonably concluded that such associated costs and liabilities would not have, singularly or in the aggregate, a Material Adverse Change.

2.39 Real Property. The Company has good and marketable title in fee simple to, or has valid rights to lease or otherwise use, all items of real or personal property which are material to the business of the Company, in each case free and clear of all liens, encumbrances, security interests, claims and defects that do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company; and all of the leases and subleases material to the business of the Company, and under which the Company holds properties described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, are in full force and effect, and the Company has not received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company to the continued possession of the leased or subleased premises under any such lease or sublease.

2.40 Contracts Affecting Capital. There are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the Securities Act Regulations) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company's liquidity or the availability of or requirements for its capital resources required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus which have not been described as required.

2.41 Loans to Directors or Officers. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members.

2.42 Exchange Act Reports. The Company has filed in a timely manner all reports required to be filed pursuant to Sections 13(a), 13(e), 14 and 15(d) of the Exchange Act during the preceding 12 months (except to the extent that Section 15(d) requires reports to be filed pursuant to Sections 13(d) and 13(g) of the Exchange Act, which shall be governed by the next clause of this sentence); and the Company has filed in a timely manner all reports required to be filed pursuant to Sections 13(d) and 13(g) of the Exchange Act, except where the failure to timely file could not reasonably be expected, individually or in the aggregate, to have a material adverse effect.

2.43 Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the time of effectiveness of the Registration Statement and any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

2.44 Smaller Reporting Company. As of the time of filing of the Registration Statement, the Company was a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act Regulations.

2.45 Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

2.46 [Intentionally Omitted.]

2.47 Electronic Road Show. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) of the Securities Act Regulations such that no filing of any "road show" (as defined in Rule 433(h) of the Securities Act Regulations) is required in connection with the Offering.

2.48 Margin Securities. The Company owns no "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the shares of Common Stock to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

2.49 Integration. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act that would require the registration of any such securities under the Securities Act.

2.50 Minute Books. The minute books of the Company have been made available to the Underwriters and counsel for the Underwriters, and such books (i) contain a complete summary of all meetings and actions of the board of directors (including each board committee) and stockholders of the Company (or analogous governing bodies and interest holders, as applicable) since July 12, 2012 through the date of the latest meeting and action, and (ii) accurately in all material respects reflect all transactions referred to in such minutes. There are no material transactions, agreements, dispositions or other actions of the Company that are not properly approved and/or accurately and fairly recorded in the minute books of the Company, as applicable.

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1 Amendments to Registration Statement. The Company shall deliver to the Representative, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing.

3.2 Federal Securities Laws.

3.2.1. Compliance. The Company, subject to Section 3.2.2, shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed; (ii) of the receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

3.2.2. Continued Compliance. The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("**Rule 172**"), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or counsel for the Underwriters shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company has given the Representative notice of any filings made pursuant to the Exchange Act or the Exchange Act Regulations within 48 hours prior to the Applicable Time. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall reasonably object.

3.2.3. Filing of Final Prospectus. The Company shall file the Prospectus (in form and substance satisfactory to the Representative) with the Commission pursuant to the requirements of Rule 424 of the Regulations.

3.2.4. Exchange Act Registration. For a period of five (5) years after the Closing Date, the Company shall use its commercially reasonable efforts to maintain the registration of the shares of Common Stock, the Preferred Shares, the Warrants, the Conversion Shares and the Warrant Shares under Section 12(b) of the Exchange Act.

3.2.5. Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representative. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Underwriters as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Underwriters and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.3 Delivery to the Underwriters of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and counsel for the Representative, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Underwriters, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.4 Delivery to the Underwriters of Prospectuses. The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.5 Effectiveness and Events Requiring Notice to the Representative. The Company shall use its commercially reasonable efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months after the Applicable Time, and shall notify the Representative immediately and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall make every reasonable effort to obtain promptly the lifting of such order.

3.6 Review of Financial Statements. For a period of five (5) years after the Effective Date, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company's financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

3.7 Listing. The Company shall use its commercially reasonable efforts to maintain the listing of the shares of Common Stock (including the Firm Shares, Option Shares, Conversion Shares and Warrant Shares) on the Exchange for at least five years from the date of this Agreement; provided that such provision shall not prevent a sale, merger or similar transaction involving the Company.

3.8 Financial Public Relations Firm. As of the Effective Date, the Company shall have retained a financial public relations firm reasonably acceptable to the Representative and the Company, which shall initially be [ ], which firm shall be experienced in assisting issuers in public offerings of securities and in their relations with their security holders, and shall retain such firm or another firm reasonably acceptable to the Representative for a period of not less than two (2) years after the Effective Date.

3.9 Periodic Reports, etc. For a period of five (5) years after the date of this Agreement, the Company shall furnish to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; (iv) five copies of each registration statement filed by the Company under the Securities Act; and (v) such additional documents and information with respect to the Company and the affairs of any future subsidiaries of the Company as the Representative may from time to time reasonably request; provided the Representative shall sign, if requested by the Company, a Regulation FD compliant confidentiality agreement which is reasonably acceptable to the Representative and Representative Counsel in connection with the Representative's receipt of such information. Documents filed with the Commission pursuant to its EDGAR system shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.

3.10 Transfer Agent; Transfer Sheets. For a period of five (5) years after the date of this Agreement, the Company shall retain a transfer agent and registrar acceptable to the Representative (the "**Transfer Agent**") and shall furnish to the Representative at the Company's sole cost and expense such transfer sheets of the Company's securities as the Representative may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent and DTC. Computershare Trust Company, N.A. is acceptable to the Representative to act as Transfer Agent for the shares of Common Stock.

3.11 Trading Reports. For a period of five (5) years after the date of this Agreement,, the Company shall provide to the Representative, at the Company's expense, such reports published by the Exchange relating to price trading of the Public Securities, as the Representative shall reasonably request.

3.12 Payment of Expenses.

3.12.1. General Expenses Related to the Offering. The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Public Securities to be sold in the Offering (including the Option Shares, Conversion Shares and/or Option Warrants) with the Commission; (b) all Public Filing System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Common Stock on the Exchange and such other stock exchanges as the Company and the Representative together determine; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors in an amount not to exceed $5,000 per individual and $15,000 in the aggregate; (e) all fees, expenses and disbursements relating to the registration or qualification of such Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate (including, without limitation, all filing and registration fees, it being agreed that if the Offering is commenced on the Exchange, the Company shall make a payment of $15,000 to such counsel upon the commencement of "blue sky" work by such counsel and an additional $5,000 at Closing); (f) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (g) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (h) the costs and expenses of the public relations firm referred to in Section 3.8 hereof; (i) the costs of preparing, printing and delivering certificates representing the Public Securities; (j) fees and expenses of the transfer agent for the Public Securities; (k) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (l) the costs associated with post-closing advertising the Offering in the national editions of the Wall Street Journal and New York Times, (m) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, each of which the Company or its designee shall provide within a reasonable time after the Closing Date in such quantities as the Representative may reasonably request; (n) the fees and expenses of the Company's accountants; (m) the fees and expenses of the Company's legal counsel and other agents and representatives; and (o) the fees and expenses of the Representative's legal counsel not to exceed $75,000; (p) the $29,500 cost associated with the use if Ipreo's book building, prospectus tracking and compliance software for the Offering; and (q) up to $20,000 of the Representatives actual accountable "road show" expenses for the Offering. The aforementioned Representative's expenses shall be limited to a maximum of $125,000 in the aggregate. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters; *provided*, *however*, that in the event that the Offering is terminated, the Company agrees to reimburse the Underwriters pursuant to Section 8.3 hereof.

3.13 Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.14 Delivery of Earnings Statements to Security Holders. The Company shall make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth (15^{th}) full calendar month following the date of this Agreement, an earnings statement (which need not be certified by independent registered public accounting firm unless required by the Securities Act or the Securities Act Regulations, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve (12) consecutive months beginning after the date of this Agreement.

3.15 Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or stockholders (without the consent of the Representative) has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.16 Internal Controls. The Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.17 Accountants. As of the date of this Agreement, the Company shall retain an independent registered public accounting firm reasonably acceptable to the Representative, and the Company shall continue to retain an independent registered public accounting firm for a period of at least five (5) years after the date of this Agreement. The Representative acknowledges that the Auditors are acceptable to the Representative.

3.18 FINRA. The Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180-days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.19 No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.20 Company Lock-Up Agreements.

3.20.1. Restriction on Sales of Capital Stock. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of 90 days after the date of this Agreement (the "**Lock-Up Period**"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or cause to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company, except for a Registration Statement on Form S-8; or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The restrictions contained in this Section 3.20.1 shall not apply to (i) the Public Securities to be sold hereunder, (ii) issuances of equity with respect to currently outstanding securities or equity awards of the Company, (iii) grants of new equity awards under the Company's existing equity incentive plans and any increases to the number of shares available for issuance under such plans currently contemplated by the Company, and (iii) shares sold or netted out for purposes of paying taxes on vested equity awards.

3.20.2. [Intentionally Omitted.]

3.21 Release of D&O Lock-up Period. If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.26 hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two (2) Business Days before the effective date of the release or waiver.

3.22 Blue Sky Qualifications. The Company shall use its best efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.23 Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

3.24 [Intentionally Omitted.]

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement has become effective not later than 5:25 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by you, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. The Prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Stock Market Clearance. On the Closing Date, the Firm Shares, the Warrants and the shares of Common Stock underlying the Warrants and the Preferred Shares shall have been approved for listing on the Exchange, subject only to official notice of issuance. On the first Option Closing Date (if any), the Option Shares, the Option Warrants and the shares underlying the Option Warrants and the Option Preferred Shares shall have been approved for listing on the Exchange, subject only to official notice of issuance.

4.2 Counsel Matters.

4.2.1. Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received the favorable opinion of Akerman LLP, counsel to the Company, dated the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

4.2.2. [Intentionally Omitted.]

4.2.3. Opinion of Counsel for Underwriters. The Representative shall have received on the Closing Date from Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, counsel for the Representative, an opinion, addressed to the Representative and dated the Closing Date, with respect to such matters as the Representative may reasonably require, and the Company shall have furnished or provided access to such counsel of such documents as they request for enabling them to pass upon such matters.

4.2.4. Option Closing Date Opinions of Counsel. On the Option Closing Date, if any, the Representative shall have received the favorable opinions of each counsel listed in Sections 4.2.1 and 4.2.3, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsels in their respective opinions delivered on the Closing Date.

4.2.5. Reliance. In rendering such opinions, such counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Representative) of other counsel reasonably acceptable to the Representative, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Representative Counsel if requested.

4.3 Comfort Letters.

4.3.1. Cold Comfort Letter. At the time this Agreement is executed you shall have received from each of the Auditors a cold comfort letter containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative and in form and substance satisfactory in all respects to you and to the Auditors, dated as of the date of this Agreement.

4.3.2. Bring-down Comfort Letter. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from each of the Auditors a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that each Auditor reaffirms the statements made in the letter furnished pursuant to Section 4.3.1, except that the specified date referred to shall be a date not more than three (3) business days prior to the Closing Date or the Option Closing Date, as applicable.

4.4 Officers' Certificates.

4.4.1. Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chairman of the Board, its Chief Executive Officer, its President and its Chief Financial Officer stating that in their respective capacities as officers of the Company and not in their individual capacities (i) such officers have carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, in their opinion, the Registration Statement and each amendment thereto, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), any Issuer Free Writing Prospectus as of its date and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to the best of their knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement qualified by materiality are true and correct and the representations and warranties not qualified by materiality are true and correct in all material respects and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iv) there has not been, subsequent to the date of the most recent audited financial statements included or incorporated by reference in the Pricing Disclosure Package, a Material Adverse Change, except as set forth in the Prospectus.

4.4.2. Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Date, as the case may be, respectively, certifying: (i) that each of the Charter and Bylaws is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or its counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

4.5 No Material Changes. Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no material adverse change or development involving a prospective material adverse change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects or financial condition or income of the Company, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6 Delivery of Agreements.

4.6.1. Lock-Up Agreements. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 3 hereto.

4.6.2. Warrants. On the Closing Date, the Company shall have delivered to the Representative executed copies of the Warrants.

4.6.3. Representative's Warrant Agreement. On the Closing Date, the Company shall have delivered to the Representative executed copies of the Representative's Warrant Agreement.

4.7 Additional Documents. At the Closing Date and at each Option Closing Date (if any) Representative Counsel shall have been furnished with such documents and opinions as they may require for the purpose of enabling Representative Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities as herein contemplated shall be satisfactory in form and substance to the Representative and Representative Counsel.

5. Indemnification.

5.1 Indemnification of the Underwriters.

5.1.1. General. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Underwriter Indemnified Parties,**" and each an "**Underwriter Indemnified Party**"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus or in any Issuer Free Writing Prospectus (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called "**application**") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters' Information. With respect to any untrue statement or omission or alleged untrue statement or omission made in the Pricing Disclosure Package, the indemnity agreement contained in this Section 5.1.1 shall not inure to the benefit of any Underwriter Indemnified Party to the extent that any loss, liability, claim, damage or expense of such Underwriter Indemnified Party results from the fact that a copy of the Prospectus was not given or sent to the person asserting any such loss, liability, claim or damage at or prior to the written confirmation of sale of the Public Securities to such person as required by the Securities Act and the Securities Act Regulations, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of non-compliance by the Company with its obligations under Section 3.3 hereof.

5.1.2. Procedure. If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of counsel (subject to the reasonable approval of such Underwriter Indemnified Party) and payment of actual expenses. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company shall not have employed counsel to have charge of the defense of such action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys selected by the Underwriter Indemnified Party (in addition to local counsel) shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if any Underwriter Indemnified Party shall assume the defense of such action as provided above, the Company shall have the right to approve the terms of any settlement of such action, which approval shall not be unreasonably withheld.

5.2 Indemnification of the Company. Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus or any Issuer Free Writing Prospectus.

5.3 Contribution.

5.3.1. Contribution Rights. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the Offering of the Public Securities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total net proceeds from the Offering of the Public Securities purchased under this Agreement (before deducting expenses) received by the Company, as set forth in the table on the cover page of the Prospectus, on the one hand, and the total underwriting discounts and commissions received by the Underwriters with respect to the shares of the Common Stock purchased under this Agreement, as set forth in the table on the cover page of the Prospectus, on the other hand. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.3.1 in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the Offering of the Public Securities exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. Contribution Procedure. Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("contributing party"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid 15 days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. Each Underwriter's obligations to contribute pursuant to this Section 5.3 are several and not joint.

6. Default by an Underwriter.

6.1 Default Not Exceeding 10% of Firm Securities or Option Securities. If any Underwriter or Underwriters shall default in its or their obligations to purchase the Firm Securities or the Option Securities, if the Over-allotment Option is exercised hereunder, and if the number of the Firm Securities or Option Securities with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Securities or Option Securities that all Underwriters have agreed to purchase hereunder, then such Firm Securities or Option Securities to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

6.2 Default Exceeding 10% of Firm Securities or Option Securities. In the event that the default addressed in Section 6.1 relates to more than 10% of the Firm Securities or Option Securities, you may in your discretion arrange for yourself or for another party or parties to purchase such Firm Securities or Option Securities to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Firm Securities or Option Securities, you do not arrange for the purchase of such Firm Securities or Option Securities, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to you to purchase said Firm Securities or Option Securities on such terms. In the event that neither you nor the Company arrange for the purchase of the Firm Securities or Option Securities to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by you or the Company without liability on the part of the Company (except as provided in Sections 3.9 and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided, however, that if such default occurs with respect to the Option Securities, this Agreement will not terminate as to the Firm Securities; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

6.3 Postponement of Closing Date. In the event that the Firm Securities or Option Securities to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, you or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of counsel for the Underwriter may thereby be made necessary. The term "**Underwriter**" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such shares of Common Stock.

7. Additional Covenants.

7.1 Board Composition and Board Designations. The Company shall ensure that: (i) if applicable, the qualifications of the persons serving as members of the Board of Directors and the overall composition of the Board comply with the Sarbanes-Oxley Act, with the Exchange Act and with the listing rules of the Exchange or any other national securities exchange, as the case may be, in the event the Company seeks to have its Common Stock listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the Audit Committee of the Board of Directors qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

7.2 Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m., Eastern time, on the first (1st) Business Day following the fortieth (40th) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

8. Effective Date of this Agreement and Termination Thereof.

8.1 Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

8.2 Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in your opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the Nasdaq Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an increase in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your opinion, make it inadvisable to proceed with the delivery of the Firm Securities or Option Securities; or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of such a material adverse change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

8.3 Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable (including the fees and disbursements of Representative Counsel) up to $125,000, and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters; *provided*, *however*, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement. Notwithstanding the foregoing, any advance received by the Representative will be reimbursed to the Company to the extent not actually incurred in compliance with FINRA Rule 5110(f)(2)(C).

8.4 Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

8.5 Representations, Warranties, Agreements to Survive . All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) delivery of and payment for the Public Securities.

9. Miscellaneous.

9.1 Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by facsimile transmission and confirmed and shall be deemed given when so delivered or faxed and confirmed or if mailed, two (2) days after such mailing.

If to the Representative:

Aegis Capital Corp.
810 Seventh Avenue, 18th Floor
New York, New York 10019
Attn: Mr. David Bocchi, Managing Director of Investment Banking
Fax No.: (212) 813-1047

with a copy (which shall not constitute notice) to:

Zysman, Aharoni, Gayer and Sullivan & Worcester LLP
1633 Broadway
New York, NY 10019
Attn: Oded Har-Even, Esq.
Fax No.: 212-660-3001

If to the Company:

Rennova Health, Inc.
400 South Australian Avenue, Suite 800
West Palm Beach, Florida 33401
Attention: Seamus Lagan
Fax No: [ ]

with a copy (which shall not constitute notice) to:

Akerman LLP
One Southeast Third Avenue, 25th Floor
Miami, Florida 33131
Attention: J. Thomas Cookson, Esq.
Fax No: 305-374-5600

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.3 Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

9.4 Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.5 Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

9.6 Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

9.8 Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

[*Signature Page Follows*]

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

RENNOVA HEALTH, INC.

By: _____

Name:
Title:

Confirmed as of the date first written
above mentioned, on behalf of itself and as
Representative of the several Underwriters
named on Schedule 1 hereto:

AEGIS CAPITAL CORP.

By: _____

Name:
Title:

SCHEDULE 1

Underwriter	Total Number of Firm Series A Units to be Purchased	Total Number of Firm Series B Units to be Purchased	Number of Option Shares and/or Option Preferred Shares to be Purchased if the Over-Allotment Option is Fully Exercised	Number of Option Warrants to be Purchased if the Over-Allotment Option is Fully Exercised
Aegis Capital Corp.	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

SCHEDULE 2-A

Pricing Information

Number of Firm Series A Units: [•]

Number of Firm Series B Units: [•]

Number of Option Shares: [•]

Number of Option Preferred Shares: [•]

Number of Option Warrants: [•]

Offering Price per Firm Series A Unit: $[•]

Offering Price per Firm Series B Unit: $[•]

Underwriting Discount per Firm Series A Unit: $[•]

Underwriting Discount per Firm Series B Unit: [•]

Proceeds to Company per Firm Series A Unit (before expenses): $[•]

Proceeds to Company per Firm Series B Unit (before expenses): $[•]

SCHEDULE 2-B

Issuer General Use Free Writing Prospectuses

[_]

SCHEDULE 3

List of Lock-Up Parties

Tom R. Mika

Seamus Lagan

Dr. Paul Billings

Christopher Diamantis

Benjamin Frank

Michael L. Goldberg

Robert Lee

Jason P. Adams

Aella Ltd.

Epizon Ltd.

Dr. Thomas F. Mendolia

Francisco Roca, III

Steven Sramowicz

EXHIBIT A

Form of Lock-Up Agreement

Rennova Health, Inc.
Public Offering of Common Stock and Warrants

_____, 2015

Aegis Capital Corp.
810 Seventh Avenue, 18th Floor
New York, NY 10019

Ladies and Gentlemen:

This letter is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement"), between Rennova Health, Inc., a Delaware corporation (the "Company"), and you, the representative of the several underwriters named therein (the "Representative"), relating to an underwritten public offering (the "Offering") of common stock, par value $0.01 per share, of the Company (the "Common Stock"), and warrants to purchase Common Stock.

In order to induce you to enter into the Underwriting Agreement, the undersigned will not, without prior written consent of the Representative, offer, sell, contract to sell, pledge or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the undersigned), directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder (the "Exchange Act") with respect to, any shares of Common Stock or any securities convertible into, or exercisable or exchangeable for Common Stock, or publicly announce an intention to effect any such transaction, for a period from the date hereof until, and including the date that is 90 days after the date of the Underwriting Agreement (the "Lock-Up Period"). The restrictions described in the foregoing sentence shall not apply to:

a. If the undersigned is not an officer or director of the Company, transactions relating to shares of Common Stock acquired in a directed share program instituted in connection with the Offering or in open market transactions after the completion of the Offering, provided that no filing under the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Common Stock acquired in such manner;

b. the transfer of shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (i) to the spouse, domestic partner, parent, sibling, child or grandchild of the undersigned or any other person with whom the undersigned has a relationship by blood, marriage or adoption not more remote than first cousin (each, an "immediate family member") or to a trust, or other entity formed for estate planning purposes, formed for the direct or indirect benefit of the undersigned or of an immediate family member of the undersigned; (ii) by bona fide gift, will or intestacy; (iii) if the undersigned is a corporation, partnership, limited liability company or other business entity (A) to another corporation, partnership, limited liability company or other business entity that controls, is controlled by or is under common control with the undersigned or (B) as part of a disposition, transfer or distribution by the undersigned to its members, limited partners or equity holders; or (iv) if the undersigned is a trust, to a trustor or beneficiary of the trust; provided that in the case of any transfer or distribution pursuant to this clause (b), (1) each transferee, trustee, donee or distributee shall sign and deliver a lock-up letter substantially in the form of this letter for the balance of the Lock-Up Period, and (2) no filing under the Exchange Act shall be required or shall be voluntarily made during the Lock-Up Period;

c. the receipt by the undersigned from the Company of shares of Common Stock (the "Plan Shares") upon the vesting of any securities or the exercise of any options to purchase the Company's securities issued pursuant to the Company's equity incentive plans or the transfer of shares of Common Stock or any securities convertible into Common Stock to the Company upon a vesting event of the Company's securities or upon the exercise of options or warrants to purchase the Company's securities, in each case on a "cashless" or "net exercise" basis or to cover tax obligations of the undersigned in connection with such vesting or exercise, provided that no filing under the Exchange Act shall be required or shall be voluntarily made during the Lock-Up Period and provided further, that the Plan Shares shall be subject to the terms of this letter;

d. the transfer of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock to the Company, pursuant to agreements under which the Company has the option to repurchase such shares or securities or a right of first refusal with respect to transfers of such shares or securities;

e. the establishment of a trading plan pursuant to Rule 10b5 1 under the Exchange Act for the transfer of shares of Common Stock, provided that (i) such plan does not provide for the transfer of Common Stock during the Lock-Up Period and (ii) no public announcement or filing under the Exchange Act is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan;

f. the transfer of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock that occurs by operation of law including pursuant to a qualified domestic order or in connection with a divorce settlement, provided that the transferee signs and delivers a lock-up letter substantially in the form of this letter for the balance of the Lock-Up Period, and provided further, that no filing under the Exchange Act shall be required or shall be voluntarily made during the Lock-Up Period;

g. transfers, sales, tenders or other dispositions of any of the undersigned's shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock pursuant to a tender offer for securities of the Company that would, if consummated, result in not less than a majority of the outstanding voting securities of the Company being disposed in such transaction or pursuant to any other transaction, including, without limitation, a merger, consolidation or other business combination, resulting in not less than a majority of the outstanding voting securities of the Company being disposed in such transaction (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the undersigned may agree to transfer, sell, tender or otherwise dispose of any of the undersigned's Shares in connection with any such transaction or to vote any of the undersigned's Shares in favor of any such transaction); provided that, if such tender offer or other transaction is not completed, any of the undersigned's securities subject to this lock-up agreement shall remain subject to the restrictions contained in this lock-up agreement.

In addition, the undersigned hereby waives any rights the undersigned may have to require registration of Common Stock in connection with the filing of a registration statement relating to the Offering. The undersigned further agrees that, for the Lock-Up Period, the undersigned will not, without the prior written consent of the Representative, make any demand for, or exercise any right with respect to, the registration of Common Stock or any other securities of the Company that are substantially similar to Common Stock (including any securities that derive value therefrom), or any securities convertible into or exercisable or exchangeable for Common Stock, or warrants or other rights to purchase Common Stock or any such other securities. In addition, the undersigned hereby waives any and all preemptive rights, participation rights, resale rights, rights of first refusal and similar rights that the undersigned may have in connection with the Offering or with any issuance or sale by the Company of any equity or other securities before the Offering.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed shares or any other shares of Common Stock the undersigned may purchase in the Offering.

If the undersigned is an officer or director of the Company, (i) the Representative agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representative will notify the Company of the impending release or waiver, and (ii) the Company has agreed, or will agree, in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this agreement. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that (i) if the Underwriting Agreement is not executed by February 15, 2016, (ii) if the Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the Underwriting Agreement), (iii) the registration statement relating to the Offering is withdrawn by the Company, or (iv) the Company notifies the Representative that it does not intend to proceed with the Offering, then the undersigned shall be released from all obligations under this agreement and this agreement shall be void and of no further force and effect.

Yours very truly,

Name:
Address:

EXHIBIT B

Form of Press Release

RENNOVA HEALTH, INC.

[Date]

Rennova Health, Inc. (the "Company") announced today that Aegis Capital Corp., acting as representative for the underwriters in the Company's recent public offering of _____ shares of the Company's common stock, is [waiving] [releasing] a lock-up restriction with respect to _____ shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on _____, 20___, and the shares may be sold on or after such date.

This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended.

Exhibit 4.2

RENNOVA HEALTH, INC.
FORM OF WARRANT AGENCY AGREEMENT

WARRANT AGENCY AGREEMENT (this "Warrant Agreement") made as of December ___, 2015 (the "Issuance Date"), between Rennova Health, Inc., a Delaware corporation ("Company"), and Computershare Inc., a Delaware corporation ("Computershare"), and its wholly -wned subsidiary, Computershare Trust Company, N.A., a federally chartered trust company (together with Computershare, "Warrant Agent").

WHEREAS, the Company is engaged in a public offering (the "Offering") of Common Stock and Warrants and, in connection therewith, has determined to issue and deliver up to _____ Warrants (the "Warrants") to the public investors, with each such Warrant evidencing the right of the holder thereof to purchase one share of common stock, par value $.01 per share, of the Company's Common Stock (the "Common Stock") for $_____, subject to adjustment as described herein; and

WHEREAS, the Company has filed with the U.S. Securities and Exchange Commission (the "Commission") a Registration Statement, No. 333-208157 on Form S-1 (as the same may be amended from time to time, the "Registration Statement") for the registration, under the Securities Act of 1933, as amended (the "Securities Act") of, among other securities, the Warrants and the Common Stock issuable upon exercise of the Warrants (the "Warrant Shares"), and such Registration Statement was declared effective on December ___, 2015; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer, exchange and exercise of the Warrants; and

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants (each, a "Holder"); and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company and countersigned by or on behalf of the Warrant Agent, as provided herein, the valid and binding obligations of the Company, and to authorize the execution and delivery of this Warrant Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the express terms and conditions set forth in this Warrant Agreement (and no duties or obligations shall be inferred or implied). The Warrant Agent shall not assume any obligations or relationship of agency or trust with any of the Holders.

2. Warrants.

2.1. Form of Warrant. Each Warrant shall be issued in registered form only, shall be in substantially the form of Exhibit A hereto, the provisions of which are incorporated herein, and shall be signed by, or bear the facsimile signature of, the Chief Executive Officer, President, Chief Financial Officer or Treasurer, Secretary or Assistant Secretary of the Company and shall bear a facsimile of the Company's seal. In the event the person whose facsimile signature has been placed upon any Warrant shall have ceased to serve in the capacity in which such person signed the Warrant before such Warrant is issued, it may be issued with the same effect as if he or she had not ceased to be such at the date of issuance. All of the Warrants shall initially be represented by one or more book-entry certificates (each a "Book-Entry Warrant Certificate").

2.2. Effect of Countersignature. Unless and until countersigned by the Warrant Agent pursuant to this Warrant Agreement, a Warrant shall be invalid and of no effect and may not be exercised by a Holder.

2.3. Registration.

2.3.1. Warrant Register. The Warrant Agent shall maintain books ("Warrant Register"), for the registration of the original issuance and the registration of any transfer of the Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue and register the Warrants in the names of the respective Holders in such denominations and otherwise in accordance with instructions delivered to the Warrant Agent by the Company. To the extent the Warrants are DTC eligible as of the Issuance Date, all of the Warrants shall be represented by one or more Book-Entry Warrant Certificates deposited with The Depository Trust Company (the "Depository") and registered in the name of Cede & Co., a nominee of the Depository. Ownership of beneficial interests in the Book-Entry Warrant Certificates shall be shown on, and the transfer of such ownership shall be effected through, records maintained (i) by the Depository or its nominee for each Book-Entry Warrant Certificate; (ii) by institutions that have accounts with the Depository (such institution, with respect to a Warrant in its account, a "Participant"); or (iii) directly on the book-entry records of the Warrant Agent with respect only to owners of beneficial interests that represent such direct registration.

If the Warrants are not DTC Eligible as of the Issuance Date or the Depository subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent to make other arrangements for book-entry settlement within ten (10) Business Days after the Depository ceases to make its book-entry settlement available. In the event that the Company does not make alternative arrangements for book-entry settlement within ten (10) Business Days or the Warrants are not eligible for, or it is no longer necessary to have the Warrants available in, book-entry form, the Warrant Agent shall provide written instructions, upon receipt of instructions from the Company, to the Depository to deliver to the Warrant Agent for cancellation each Book-Entry Warrant Certificate, and the Company shall instruct the Warrant Agent to deliver to the Holders definitive Warrant Certificates in physical form evidencing such Warrants. Such definitive Warrant Certificates shall be in substantially the form annexed hereto as Exhibit A.

As used herein, the term "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law or executive order to remain closed.

2.3.2. Beneficial Owner; Registered Holder. Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Agent may deem and treat the person in whose name such Warrant shall be registered upon the Warrant Register ("registered holder"), as the absolute owner of such Warrant and of each Warrant represented thereby (notwithstanding any notation of ownership or other writing on the Warrant Certificate made by anyone other than the Company or the Warrant Agent), for the purpose of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Any person in whose name ownership of a beneficial interest in the Warrants evidenced by a Book-Entry Warrant Certificate is recorded in the records maintained by the Depository or its nominee shall be deemed the "beneficial owner" thereof; *provided*, that all such beneficial interests shall be held through a Participant which shall be the registered holder of such Warrants. As used herein, the term "Holder" refers only to a registered holder of the Warrants.

2.4. Uncertificated Warrants. Notwithstanding the foregoing and anything else herein to the contrary, the Warrants may be issued in uncertificated form.

2.5. Opinion of Counsel. The Company shall provide an opinion of counsel to the Warrant Agent prior to the issuance of the Warrants to set up a reserve of Warrants and related Common Stock. The opinion shall state that all Warrants or Common Stock, as applicable, are:

a) registered under the Securities Act of 1933, as amended, or are exempt from such registration, and all appropriate state securities law filings have been made with respect to the Warrants or shares; and

b) validly issued, fully paid and non-assessable.

3. Terms and Exercise of Warrants.

3.1. Exercise Price. Each Warrant shall, when countersigned by the Warrant Agent, entitle the Holder, subject to the provisions of such Warrant and of this Warrant Agreement, to purchase from the Company the number of shares of Common Stock stated therein, at the price of $____ per whole share, subject to the subsequent adjustments provided in Section 4 hereof. The term "Exercise Price" as used in this Warrant Agreement refers to the price per share at which Common Stock may be purchased at the time a Warrant is exercised.

3.2. Duration of Warrants. A Warrant may be exercised only during the period ("Exercise Period") commencing on the Issuance Date and terminating at 5:00 P.M., New York City time on December ____, 2020 ("Expiration Date"). Each Warrant not exercised on or before the Expiration Date shall become null and void, and all rights thereunder and all rights in respect thereof under this Warrant Agreement shall cease at the close of business on the Expiration Date.

3.3. Exercise of Warrants.

3.3.1. Exercise and Payment. A Holder may exercise a Warrant by delivering, not later than 5:00 P.M., New York City time, on any Business Day during the Exercise Period (the "Exercise Date") to the Warrant Agent at its corporate actions department (i) the Warrant Certificate evidencing the Warrants to be exercised, or, in the case of a Book-Entry Warrant Certificate, the Warrants to be exercised (the "Book-Entry Warrants") shown on the records of the Depository to an account of the Warrant Agent at the Depository designated for such purpose in writing by the Warrant Agent to the Depository from time to time, (ii) an election to purchase the Warrant Shares underlying the Warrants to be exercised (an "Election to Purchase"), properly completed and executed by the Holder on the reverse of the Warrant Certificate or, in the case of a Book-Entry Warrant Certificate, properly delivered by the Participant in accordance with the Depository's procedures, and (iii) the Exercise Price for each Warrant to be exercised in lawful money of the United States of America by certified or official bank check or by bank wire transfer in immediately available funds.

If any of (A) the Warrant Certificate or the Book-Entry Warrants, (B) the Election to Purchase, or (C) the Exercise Price therefor, is received by the Warrant Agent after 5:00 P.M., New York City time, on the specified Exercise Date, the Warrants will be deemed to be received and exercised on the Business Day next succeeding the specified Exercise Date. If the date specified as the Exercise Date is not a Business Day, the Warrants will be deemed to be received and exercised on the next succeeding day that is a Business Day. If the Warrants are received or deemed to be received after the Expiration Date, the exercise thereof will be null and void and any funds delivered to the Warrant Agent will be returned to the Holder. In no event will interest accrue on funds deposited with the Warrant Agent in respect of an exercise or attempted exercise of Warrants. The validity of any exercise of Warrants will be determined by the Warrant Agent in its sole discretion and such determination will be final and binding upon the Holder and the Company. Neither the Company nor the Warrant Agent shall have any obligation to inform a Holder of the invalidity of any exercise of any Warrants.

The Warrant Agent shall promptly deposit all funds received by it in payment of the Exercise Price in the account of the Company maintained with the Warrant Agent for such purpose and shall advise the Company via telephone at the end of each day on which funds for the exercise of the Warrants are received of the amount so deposited to its account. The Warrant Agent shall promptly confirm such telephonic advice to the Company in writing.

3.3.2. Issuance of Certificates. The Warrant Agent shall, within a reasonable time after request, advise the Company or the transfer agent and registrar in respect of (a) the number of Warrant Shares issuable upon such exercise in accordance with the terms and conditions of this Warrant Agreement, (b) the instructions of each Holder with respect to delivery of the Warrant Shares issuable upon such exercise, and the delivery of definitive Warrant Certificates, as appropriate, evidencing the balance, if any, of the Warrants remaining after such exercise, (c) in case of a Book-Entry Warrant Certificate, the notation that shall be made to the records maintained by the Depository, its nominee for each Book-Entry Warrant Certificate, or a Participant, as appropriate, evidencing the balance, if any, of the Warrants remaining after such exercise and (d) such other information as the Company or such transfer agent and registrar shall reasonably require.

The Company shall, by 5:00 P.M., New York City time, on the third Business Day next succeeding the Exercise Date of any Warrant and the clearance of the funds in payment of the aggregate Exercise Price, execute, issue and deliver to the Warrant Agent, the Warrant Shares to which such Holder is entitled, in fully registered form, registered in such name or names as may be directed by such Holder. Upon receipt of such Warrant Shares, the Warrant Agent shall, by 5:00 P.M., New York City time, on the third Business Day next succeeding such Exercise Date, transmit such Warrant Shares to, or upon the order of, such Holder.

In lieu of delivering physical certificates representing the Warrant Shares issuable upon exercise of any Warrants, provided the Company's transfer agent is participating in the Depository's Fast Automated Securities Transfer program, the Company shall use its commercially reasonable efforts to cause its transfer agent to electronically transmit the Warrant Shares issuable upon exercise to the Depository by crediting the account of the Depository or of the Participant, as the case may be, through its Deposit Withdrawal Agent Commission system. The time periods for delivery described in the immediately preceding paragraph shall apply to the electronic transmittals described herein.

3.3.3. Valid Issuance. All Warrant Shares issued upon the proper exercise of a Warrant in conformity with this Warrant Agreement shall be validly issued, fully paid and nonassessable.

3.3.4. No Fractional Exercise. Warrants may be exercised only in whole numbers of Warrant Shares. No fractional Warrant Shares are to be issued upon the exercise of a Warrant, but rather the number of Warrant Shares to be issued shall be rounded up or down, as applicable, to the nearest whole number. If fewer than all of the Warrants evidenced by a Warrant Certificate are exercised, a new Warrant Certificate for the number of unexercised Warrants remaining shall be executed by the Company and countersigned by the Warrant Agent as provided in Section 2 of this Warrant Agreement, and delivered to the Holder at the address specified on the books of the Warrant Agent or as otherwise specified by such Holder. If fewer than all of the Warrants evidenced by a Book-Entry Warrant Certificate are exercised, a notation shall be made to the records maintained by the Depository, its nominee for each Book-Entry Warrant Certificate, or a Participant, as appropriate, evidencing the balance of the Warrants remaining after such exercise.

3.3.5. No Transfer Taxes. Neither the Company nor the Warrant Agent shall be required to pay any stamp or other tax or governmental charge required to be paid in connection with any transfer involved in the issue of the Warrant Shares upon the exercise of Warrants; and in the event that any such transfer is involved, neither the Company nor the Warrant Agent shall be required to issue or deliver any Warrant Shares until such tax or other charge shall have been paid or it has been established to the Company's and the Warrant Agent's satisfaction that no such tax or other charge is due.

3.3.6. Date of Issuance. Each person or entity in whose name any such certificate for Warrant Shares is issued shall for all purposes be deemed to have become the holder of record of such shares on the date on which the applicable Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of any such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person or entity shall be deemed to have become the holder of record of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3.3.7. Cashless Exercise Under Certain Circumstances.

(i) The Company shall provide to the Holder and the Warrant Agent prompt written notice of any time that the Company is unable to issue the Warrant Shares via DTC transfer or otherwise (without restrictive legend), because (A) the Commission has issued a stop order with respect to the Registration Statement, (B) the Commission otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, (C) the Company has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or (D) otherwise (each a "Restrictive Legend Event"). To the extent that a Restrictive Legend Event occurs after the Holder has exercised a Warrant in accordance with the terms of the Warrants but prior to the delivery of the Warrant Shares, the Company shall, at the election of the Holder to be given within five (5) Business Days of receipt of notice of the Restrictive Legend Event, either (A) rescind the previously submitted Election to Purchase and the Company shall return all consideration paid by the Holder for such shares upon such rescission or (B) treat the attempted exercise as a cashless exercise as described in the next paragraph and refund the cash portion of the Exercise Price to the Holder.

(ii) If a Restrictive Legend Event has occurred and no exemption from the registration requirements is available, the Warrants shall only be exercisable on a cashless basis. Notwithstanding anything herein to the contrary, the Company shall not be required to make any cash payments or net cash settlement to the Holder in lieu of issuance of the Warrant Shares. Upon a "cashless exercise," the Holder shall be entitled to receive a certificate (or book entry) for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Business Day immediately preceding the date on which the Holder elects to exercise the Warrant by means of a "cashless exercise," as set forth in the applicable Election to Purchase;
(B) = the Exercise Price of the Warrant, as it may have been adjusted hereunder; and
(X) = the number of Warrant Shares that would be issuable upon exercise of the Warrant in accordance with the terms of the Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

Upon receipt of an Election to Purchase for a cashless exercise, the Warrant Agent will promptly deliver a copy of the Election to Purchase to the Company to confirm the number of Warrant Shares issuable in connection with the cashless exercise. The Company shall calculate and transmit to the Warrant Agent, and the Warrant Agent shall have no obligation under this section to calculate, the number of Warrant Shares issuable in connection with the cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on NYSE MKT, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market or the New York Stock Exchange (each, a "Trading Market"), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time) on any day that the Trading Market on which the Common Stock is then listed is open for trading), (b) the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

3.3.8. Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the applicable Holders the number of Warrant Shares that are not disputed.

3.3.9. Cost Basis Information.

a) In the event of a cash exercise, the Company hereby instructs the Warrant Agent to record cost basis for newly issued shares as follows: _____

b) In the event of a cashless exercise: the Company shall provide cost basis for shares issued pursuant to a cashless exercise at the time the Company confirms the number of Warrant Shares issuable in connection with the cashless exercise to the Warrant Agent pursuant to Section 3.3.7 hereof.

4. Adjustments.

4.1. Adjustment upon Subdivision or Combination of Common Stock. If the Company at any time after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time after the Issuance Date combines (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 4.1 shall become effective at the close of business on the date the subdivision or combination becomes effective. The Company shall promptly notify Warrant Agent of any such adjustment and give specific instructions to Warrant Agent with respect to any adjustments to the Warrant Register.

4.2. Adjustment for Other Distributions. In the event the Company shall fix a record date for the making of a dividend or distribution to all holders of Common Stock of any evidences of indebtedness or assets or subscription rights or warrants (excluding those referred to in Section 4.1 or other dividends paid out of retained earnings), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to each Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

4.3. Reclassification, Consolidation, Purchase, Combination, Sale or Conveyance. If, at any time while the Warrants are outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of a Warrant, each Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the same amount and kind of securities, cash or property, if any, of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which each Warrant is exercisable immediately prior to such Fundamental Transaction. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration that such Holder receives upon any exercise of each Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") and for which stockholders received any equity securities of the Successor Entity, to assume in writing all of the obligations of the Company under this Warrant Agreement in accordance with the provisions of this Section 4.3 pursuant to written agreements and shall, upon the written request of such Holder, deliver to such Holder in exchange for the applicable Warrants created by this Warrant Agreement a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Warrants which are exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity), if any, plus any Alternate Consideration, receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Warrants are exercisable immediately prior to such Fundamental Transaction, and with an exercise price which applies the Exercise Price hereunder to such shares of capital stock, if any, plus any Alternate Consideration (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of such Warrant immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant Agreement and the Warrants referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant Agreement and the Warrants with the same effect as if such Successor Entity had been named as the Company herein and therein.

The Company shall instruct the Warrant Agent to mail, by first class mail, postage prepaid, to each Holder, written notice of the execution of any such amendment, supplement to this Warrant Agreement and/or the Warrants or other agreement. Any such amendment, supplement or other agreement entered into by the Successor Entity shall provide for adjustments, which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The Warrant Agent shall be under no responsibility to determine the correctness of any provisions contained in such amendment, supplement or other agreement relating either to the kind or amount of securities or other property receivable upon exercise of the Warrants or with respect to the method employed and provided therein for any adjustments and shall be entitled to rely upon the provisions contained in any such amendment, supplement or other agreement. The provisions of this Section 4.3 shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales and conveyances of the kind described above.

4.4. Other Events. If any event occurs of the type contemplated by the provisions of Section 4.1, 4.2 or 4.3 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features to all holders of Common Stock for no consideration), then the Company's Board of Directors will in good faith make an adjustment in the Exercise Price and the number of Warrant Shares so as to protect the rights of each Holder.

4.5. Notices of Events or Changes in Warrant. Upon every adjustment of the Exercise Price or the number of Warrant Shares, or of any other event specified in Section 4.1, 4.2, 4.3, or 4.4, the Company shall promptly give written notice thereof to the Warrant Agent, which notice shall include a reasonably detailed description of such event, and shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of Warrant Shares purchasable upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, and any other relevant instructions in connection therewith. The Company further agrees that it will provide to the Warrant Agent with any new or amended Warrant exercise terms. The Warrant Agent shall have no obligation under any Section 4 to determine whether an event set forth in Sections 4.1, 4.2, 4.3, or 4.4 has occurred or are scheduled or contemplated to occur or to calculate any of the adjustments set forth in this Warrant Agreement. Upon the occurrence of any event specified in Sections 4.1, 4.2, 4.3, or 4.4, then, in any such event, the Company shall give written notice to each Holder, at the last address set forth for such Holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4.6. No Fractional Shares. Notwithstanding any provision contained in this Warrant Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants. If, by reason of any adjustment made pursuant to this Section 4, a Holder would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share, the Company shall, upon such exercise, round up or down, as applicable, to the nearest whole number the number of Warrant Shares to be issued to such Holder.

4.7. Form of Warrant. The form of Warrant annexed hereto as Exhibit A need not be changed because of any adjustment pursuant to this Section 4, and Warrants issued after such adjustment may state the same Exercise Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Warrant Agreement. However, the Company may at any time in its sole discretion make any change in the form of Warrant that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant or otherwise, may be in the form as so changed.

5. Transfer and Exchange of Warrants.

5.1. Registration of Transfer. The Warrant Agent shall register the transfer, from time to time, of any outstanding Warrant upon the Warrant Register, upon surrender of such Warrant for transfer, properly endorsed and accompanied by appropriate instructions for transfer. A party requesting transfer of Warrants must provide any evidence of authority that may be required by the Warrant Agent, including but not limited to, a signature guarantee from an eligible guarantor institution participating in a signature guarantee program approved by the Securities Transfer Association. Upon any such transfer, a new Warrant representing an equal aggregate number of Warrants shall be issued and the old Warrant shall be cancelled by the Warrant Agent. The Warrants so cancelled shall be delivered by the Warrant Agent to the Company from time to time upon request.

5.2. Procedure for Surrender of Warrants. Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or transfer reasonably acceptable to Warrant Agent, duly executed by the Holder thereof, or by a duly authorized attorney, and thereupon the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the Holder of the Warrants so surrendered, representing an equal aggregate number of Warrants; provided, however, that except as otherwise provided herein or in any Book-Entry Warrant Certificate, each Book-Entry Warrant Certificate may be transferred only in whole and only to the Depository, to another nominee of the Depository, to a successor depository, or to a nominee of a successor depository; provided further, however, that in the event that a Warrant surrendered for transfer bears a restrictive legend, the Warrant Agent shall not cancel such Warrant and issue new Warrants in exchange therefor until the Warrant Agent has received an opinion of counsel for the Company stating that such transfer may be made and indicating whether the new Warrants must also bear a restrictive legend. Upon any such registration of transfer, the Company shall execute, and the Warrant Agent shall countersign and deliver, in the name of the designated transferee a new Warrant Certificate or Warrant Certificates of any authorized denomination evidencing in the aggregate a like number of unexercised Warrants.

5.3. Fractional Warrants. The Warrant Agent shall not be required to effect any registration of transfer or exchange which will result in the issuance of a Warrant Certificate or a Book-Entry Warrant Certificate for a fraction of a Warrant.

5.4. Service Charges. A service charge shall be made for any exchange or registration of transfer of Warrants, as negotiated between Company and Warrant Agent.

5.5. Warrant Execution and Countersignature. The Warrant Agent is hereby authorized to countersign and to deliver, in accordance with the terms of this Warrant Agreement, the Warrants required to be issued pursuant to the provisions of this Section 5, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrants duly executed on behalf of the Company for such purpose.

6. Limitations on Exercise. Neither the Warrant Agent nor the Company shall effect any exercise of any Warrant, and no Holder shall have the right to exercise any portion of a Warrant, to the extent that after giving effect to the issuance of shares of Common Stock after exercise as set forth on the applicable Election to Purchase, such Holder (together with such Holder's Affiliates (as defined in Rule 405 under the Securities Act), and any other persons acting as a group together with such Holder or any of such Holder's Affiliates), would beneficially own in excess of 4.99% of the Company's Common Stock. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by a Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of the Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon exercise of the remaining, nonexercised portion of any Warrant beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 6, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, it being acknowledged by each Holder that neither the Warrant Agent nor the Company is representing to such Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and such Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 6 applies, the determination of whether a Warrant is exercisable (in relation to other securities owned by a Holder together with any Affiliates) and of which portion of a Warrant is exercisable shall be in the sole discretion of a Holder, and the submission of an Election to Purchase shall be deemed to be such Holder's determination of whether such Warrant is exercisable (in relation to other securities owned by such Holder together with any Affiliates) and of which portion of a Warrant is exercisable, and neither the Warrant Agent nor the Company shall have any obligation to verify or confirm the accuracy of such determination and neither of them shall have any liability for any error made by such Holder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. The provisions of this Section 6 shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6 to correct this subsection (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor Holder. Notwithstanding anything in this Warrant Agreement to the contrary, the Warrant Agent shall not be responsible if any Holder exceeds the beneficial ownership limitation or breaches any other term or provision in this Section 6.

7. Other Provisions Relating to Rights of Holders of Warrants.

7.1. No Rights as Stockholder. Except as otherwise specifically provided herein, a Holder, solely in its capacity as an owner of a Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant Agreement be construed to confer upon a Holder, solely in its capacity as the owner of a Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of a Warrant. For the avoidance of doubt, ownership of a Warrant does not entitle the Holder or any beneficial owner thereof to any of the rights of a stockholder.

7.2. Lost, Stolen, Mutilated, or Destroyed Warrants. If any Warrant is lost, stolen, mutilated, or destroyed, absent notice to the Company or Warrant Agent that such certificates have been acquired by a protected purchaser, the Company may, upon receipt by Warrant Agent of an open penalty surety bond satisfactory to it and holding it and Company harmless, issue, in a form mutually agreed to by Warrant Agent and the Company, a new Warrant of like denomination, tenor and date as the Warrant so lost, stolen, mutilated or destroyed, and countersigned by the Warrant Agent. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone. Warrant Agent may, at its option, countersign replacement Warrants for mutilated certificates upon presentation thereof without such indemnity.

7.3. Reservation of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Warrant Agreement.

8. Concerning the Warrant Agent and Other Matters.

8.1. Concerning the Warrant Agent. The Warrant Agent:

a) shall have no duties or obligations other than those set forth herein and no duties or obligations shall be inferred or implied;

b) may rely on and shall be held harmless and protected by the Company in acting upon any certificate, statement, instrument, opinion, notice, letter, facsimile transmission, telegram or other document, or any security delivered to it, and believed by it to be genuine and to have been made or signed by the proper party or parties;

c) may rely on and shall be held harmless by the Company in acting upon written or oral instructions or statements from the Company with respect to any matter relating to its acting as Warrant Agent;

d) may consult with counsel satisfactory to it (including counsel for the Company) and shall be held harmless by the Company in relying on the advice or opinion of such counsel in respect of any action taken, suffered or omitted by it hereunder in accordance with such advice or opinion of such counsel;

e) solely shall make the final determination as to whether or not a Warrant received by Warrant Agent is duly, completely and correctly executed, and Warrant Agent shall be held harmless by the Company in respect of any action taken, suffered or omitted by Warrant Agent hereunder in accordance with its determination;

f) shall not be obligated to take any legal or other action hereunder which might, in its judgment, subject or expose it to any expense or liability unless it shall have been furnished with an indemnity satisfactory to it;

g) shall not be liable or responsible for any failure of the Company to comply with any of the Company's obligations relating to the Registration Statement or this Warrant Agreement, including without limitation obligations under applicable regulation or law;

h) shall not be liable for or by reason of any of the statements of fact or recitals contained in this Warrant Agreement or in the Warrant Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only;

i) shall not have any duty or responsibility in the case of the receipt of any written demand from any holder of Warrants with respect to any action or default by the Company, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon the Company;

j) may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Warrant Agreement, and nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity;

k) may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorney or agents, and the Warrant Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or wilful misconduct (each as determined by a final judgment of a court of competent jurisdiction) in the selection and continued employment thereof;

l) shall not be obligated to expend or risk its own funds or to take any action that it believes is illegal or would expose or subject it to expense or liability or to a risk of incurring expense or liability, unless it has been furnished with assurances of repayment or indemnity satisfactory to it;

m) shall not be accountable or under any duty or responsibility for the use by the Company of any Warrants authenticated by the Warrant Agent and delivered by it to the Company pursuant to this Warrant Agreement or for the application by the Company of the proceeds of the issue and sale, or exercise, of the Warrants; and

n) may rely on and be fully authorized and protected in acting or failing to act upon (a) any guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable "signature guarantee program" or insurance program in addition to, or in substitution for, the foregoing; or (b) any law, act, regulation or any interpretation of the same even though such law, act, or regulation may thereafter have been altered, changed, amended or repealed.

8.2. Payment of Taxes. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of Warrant Shares upon the exercise of Warrants, but neither the Company nor Warrant Agent shall be obligated to pay any transfer taxes in respect of the Warrants or such Warrant Shares. The Warrant Agent shall not register any transfer or issue or deliver any Warrant Certificate(s) or Warrant Shares unless or until the persons requesting the registration or issuance shall have paid to the Warrant Agent for the account of the Company the amount of such tax, if any, or shall have established to the reasonable satisfaction of the Company and the Warrant Agent that such tax, if any, has been paid.

8.3. Resignation, Consolidation, or Merger of Warrant Agent.

8.3.1. Appointment of Successor Warrant Agent. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) calendar days' notice in writing to the Company. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of thirty (30) calendar days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the Holder (who shall, with such notice, submit such Holder's Warrants for inspection by the Company), then such Holder may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent, the expenses of which shall be paid by the Company. Any successor Warrant Agent (but not including the initial Warrant Agent), whether appointed by the Company or by such court, shall be an entity in good standing and organized and existing under the laws of any jurisdiction in the United States, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall, in its discretion, execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

8.3.2. Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the Common Stock not later than thirty (30) days before the effective date of any such appointment.

8.3.3. Merger or Consolidation of Warrant Agent. Any entity into which the Warrant Agent may be merged or with which it may be consolidated or any entity resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Warrant Agreement without any further act on the part of the Company or the Warrant Agent.

8.4. Fees and Expenses of Warrant Agent.

8.4.1. Remuneration. The Company agrees to pay the Warrant Agent reasonable remuneration in an amount separately agreed to between Company and Warrant Agent for its services as Warrant Agent hereunder and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder. One half of the total Warrant Agent fees (not including postage) must be paid upon execution of this Warrant Agreement. The remaining half must be paid within fifteen (15) Business Days thereafter. An invoice for any out-of-pocket and/or per item fees incurred will be rendered to and payable by the Company within fifteen (15) Business Days of the date of said invoice. It is understood and agreed that all services to be performed by Warrant Agent shall cease if full payment for its services has not been received in accordance with the above schedule, and said services will not commence thereafter until all payment due has been received by Warrant Agent.

8.4.2. Further Assurances. The Company agrees to perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, documents, instruments, and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Warrant Agreement.

8.5. Liability of Warrant Agent.

8.5.1. Reliance on Company Statement. Whenever in the performance of its duties under this Warrant Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the President, Chief Executive Officer or Chief Financial Officer of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon, and be held harmless for such reliance upon, such statement for any action taken or suffered by it pursuant to the provisions of this Warrant Agreement, and shall not be held liable in connection with any delay in receiving such statement.

8.5.2. Indemnity. The Warrant Agent shall be liable hereunder only for its own gross negligence, willful misconduct or bad faith (each as determined by a final judgment of a court of competent jurisdiction). The Company covenants and agrees to indemnify and to hold the Warrant Agent harmless against any and all liabilities, costs, expenses (including reasonable fees of its legal counsel), losses, judgments, claims, or damages, which may be paid, incurred or suffered by or to which it may become subject, arising from or out of, directly or indirectly, any claims or liability resulting from its actions as Warrant Agent pursuant hereto; provided, that such covenant and agreement does not extend to, and the Warrant Agent shall not be indemnified with respect to, such costs, expenses, losses and damages incurred or suffered by the Warrant Agent as a result of, or arising out of, its gross negligence, bad faith, or willful misconduct (each as determined by a final judgment of a court of competent jurisdiction).

8.5.3. Limitation of Liability. Notwithstanding anything contained herein to the contrary, the Warrant Agent's aggregate liability, if any, during the term of this Warrant Agreement with respect to, arising from, or arising in connection with this Warrant Agreement, or from all services provided or omitted to be provided under this Warrant Agreement, whether in contract, or in tort, or otherwise, is limited to, and shall not exceed, the amounts paid or payable hereunder by the Company to Warrant Agent as fees and charges (not including reimbursable expenses) during the twelve (12) months immediately preceding the event for which recovery from the Warrant Agent is being sought.

8.5.4. Disputes. In the event any question or dispute arises with respect to the proper interpretation of this Warrant Agreement or the Warrant Agent's duties hereunder or the rights of the Company or of any Holder, the Warrant Agent shall not be required to act and shall not be held liable or responsible for refusing to act until the question or dispute has been judicially settled (and the Warrant Agent may, if it deems it advisable, but shall not be obligated to, file a suit in interpleader or for a declaratory judgment for such purpose) by final judgment rendered by a court of competent jurisdiction, binding on all parties interested in the matter which is no longer subject to review or appeal, or settled by a written document in form and substance satisfactory to the Warrant Agent and executed by the Company and each other interested party. In addition, the Warrant Agent may require for such purpose, but shall not be obligated to require, the execution of such written settlement by all of the Holders of the Warrants and all other parties that may have an interest in the settlement.

8.5.5. Exclusions. The Warrant Agent shall have no responsibility with respect to the validity of this Warrant Agreement or with respect to the validity or execution of any Warrant (except its countersignature hereof and thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Warrant Agreement or in any Warrant; nor shall it be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method, or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Warrant Shares to be issued pursuant to this Warrant Agreement or any Warrant or as to whether any Warrant Shares will, when issued, be validly issued and fully paid and nonassessable.

8.5.6. Instructions. From time to time, the Company may provide the Warrant Agent with instructions concerning the services performed by the Warrant Agent hereunder. In addition, at any time the Warrant Agent may apply to any officer of Company for instruction, and may consult with legal counsel for the Warrant Agent or the Company with respect to any matter arising in connection with the services to be performed by the Warrant Agent under this Warrant Agreement. Warrant Agent and its agents and subcontractors shall not be liable and shall be indemnified by Company for any action taken, suffered or omitted to be taken by Warrant Agent in reliance upon any Company instructions or upon the advice or opinion of such counsel. The Warrant Agent shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from Company. Furthermore, the Warrant Agent shall not be required to take notice or be deemed to have notice of any event or condition under this Warrant Agreement, including any event or condition that may require action by the Warrant Agent, unless the Warrant Agent shall be specifically notified in writing of such event or condition by the Company, and all notices or other instruments required by this Agreement to be delivered to the Warrant Agent must, in order to be effective, be received by the Warrant Agent as specified in Section 9.2 hereof, and in the absence of such notice so delivered, the Warrant Agent may conclusively assume no such event or condition exists.

8.6. Ambiguity or Uncertainty. In the event the Warrant Agent believes any ambiguity or uncertainty exists hereunder or in any notice, instruction, direction, request or other communication, paper or document received by the Warrant Agent hereunder, the Warrant Agent, may, in its sole discretion, refrain from taking any action, and shall be fully protected and shall not be liable in any way to Company, any Holder, or any other person or entity for refraining from taking such action, unless the Warrant Agent receives written instructions signed by the Company which eliminates such ambiguity or uncertainty to the satisfaction of Warrant Agent.

8.7 Acceptance of Agency. The Warrant Agent hereby accepts the agency established by this Warrant Agreement and agrees to perform the same upon the terms and conditions herein set forth and, among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all moneys received by the Warrant Agent for the purchase of Warrant Shares through the exercise of Warrants.

8.8 Bank Accounts. The Company acknowledges that the bank accounts maintained by Computershare in connection with the services provided under this Agreement will be in its name and that Computershare may receive investment earnings in connection with the investment at Computershare's risk and for its benefit of funds held in those accounts from time to time. Neither the Company nor Holders will receive interest on any deposits.

8.9 Survival. The provisions of this Section 8 shall survive the termination of this Warrant Agreement and the resignation, removal, or replacement of the Warrant Agent.

9. Miscellaneous Provisions.

9.1. Successors. All the covenants and provisions of this Warrant Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

9.2. Notices. Any notice, statement or demand authorized by this Warrant Agreement to be given or made by the Warrant Agent or by a Holder to or on the Company shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

Rennova Health, Inc.
400 South Australian Avenue, Suite 800
West Palm Beach, Florida 33401
Attn: Chief Executive Officer

with a copy in each case to:

Akerman LLP
One Southeast Third Avenue, 25th Floor
Miami, FL 33131
Attn: J. Thomas Cookson, Esq.

and:

Aegis Capital Corp.
810 Seventh Avenue, 11th Fl
New York, NY 10019
Attn: Compliance Department

and:

Zysman Aharoni Gayer and
Sullivan & Worcester LLP
1633 Broadway
New York, New York 10019
Attn: Oded Har-Even, Esq.

Any notice, statement or demand authorized by this Warrant Agreement to be given or made by a Holder or by the Company to or on the Warrant Agent shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

Computershare Trust Company, N.A.
250 Royall Street
Canton, Massachusetts 02021
Attn: Client Administration

Any notice, sent pursuant to this Warrant Agreement shall be effective when sent.

9.3. Applicable Law. The validity, interpretation, and performance of this Warrant Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Warrant Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.2 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim.

9.4. Persons Having Rights under this Warrant Agreement. Nothing in this Warrant Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the Holders of the Warrants and, for purposes of Sections 3.3, 9.3 and 9.8, the Underwriter, any right, remedy, or claim under or by reason of this Warrant Agreement or of any covenant, condition, stipulation, promise, or agreement hereof. The Underwriters shall be deemed to be an express third-party beneficiary of this Warrant Agreement with respect to Sections 3.3, 9.3 and 9.8 hereof. All covenants, conditions, stipulations, promises, and agreements contained in this Warrant Agreement shall be for the sole and exclusive benefit of the parties hereto (and the Underwriters with respect to the Sections 3.3, 9.3 and 9.8 hereof) and their successors and assigns and of the Holders.

9.5. Examination of this Warrant Agreement. A copy of this Warrant Agreement shall be available at all reasonable times, upon reasonable notice, at the office of the Warrant Agent, for inspection by any Holder. The Warrant Agent may require any such Holder to submit his Warrant for inspection by it.

9.6. Counterparts. This Warrant Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

9.7. Effect of Headings. The Section headings herein are for convenience only and are not part of this Warrant Agreement and shall not affect the interpretation thereof.

9.8. Amendments. This Warrant Agreement may be amended by the parties hereto without the consent of any Holder for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters or questions arising under this Warrant Agreement as the parties may deem necessary or desirable and that the parties deem shall not adversely affect the interest of the Holders. All other modifications or amendments, including any amendment to increase the Exercise Price or shorten the Exercise Period, shall require the written consent of the Underwriter and the Holders of a majority of the then outstanding Warrants. As a condition precedent to the Warrant Agent's execution of any amendment, the Company shall deliver to the Warrant Agent a certificate from a duly authorized officer of the Company that states that the proposed amendment is in compliance with the terms of this Section 9.8.

9.9. Severability. This Warrant Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Warrant Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Warrant Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

9.10. Force Majeure. In the event either party is unable to perform its obligations under the terms of this Warrant Agreement because of acts of God, strikes, failure of carrier or utilities, equipment or transmission failure, damage that is reasonably beyond its control, terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunctions of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war, or civil unrest, or any other cause that is reasonably beyond its control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes. Performance under this Warrant Agreement shall resume when the affected party or parties are able to perform substantially that party's duties.

9.11. Confidentiality. The Warrant Agent and the Company agree that all books, records, information and data pertaining to the business of the other party, including inter alia, personal, non-public information about the Holders, which are exchanged or received pursuant to the negotiation or the carrying out of this Warrant Agreement, including the fees for services, shall remain confidential, and shall not be voluntarily disclosed to any other person, except as may be required by law, including, without limitation, pursuant to subpoenas from state or federal government authorities.

9.12. Consequential Damages. Notwithstanding anything in this Warrant Agreement to the contrary, neither party to this Warrant Agreement shall be liable to the other party for any consequential, indirect, special, punitive, or incidental damages under any provision of this Warrant Agreement or for any consequential, indirect, punitive, special or incidental damages arising out of any act or failure to act hereunder even if that party has been advised of or has foreseen the possibility or likelihood of such damages.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Warrant Agreement has been duly executed by the parties hereto as of the day and year first above written.

RENNOVA HEALTH, INC.

By: _____
Name:
Title:

COMPUTERSHARE INC.

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY, N.A.

By: _____
Name:
Title:

Exhibit A

[FORM OF WARRANT CERTIFICATE]

EXERCISABLE ONLY IF COUNTERSIGNED BY THE WARRANT AGENT AS PROVIDED HEREIN.

Warrant Certificate Evidencing Warrants to Purchase
Common Stock, par value of $0.01 per share, as described herein.

RENNOVA HEALTH, INC.

No. _____ **CUSIP**

**VOID AFTER 5:00 P.M., NEW YORK CITY TIME,
ON _____ __, 2020**

This certifies that _____ or registered assigns is the registered holder (the "Holder") of _____ warrants to purchase certain securities (each a "**Warrant**"). Each Warrant entitles the Holder, subject to the provisions contained herein and in the Warrant Agreement (as defined below), to purchase from Rennova Health, Inc., a Delaware corporation (the "**Company**"), one share (collectively, the "**Warrant Shares**") of Common Stock, par value $0.01 per share, of the Company ("**Common Stock**"), at the Exercise Price set forth below. The price per share at which each Warrant Share may be purchased at the time each Warrant is exercised (the "**Exercise Price**") is $____ initially, subject to adjustments as set forth in the Warrant Agreement (as defined below).

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of [_____ _], 2015 (the "**Warrant Agreement**"), between the Company and the Warrant Agent, and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate and the beneficial owners of the Warrants represented by this Warrant Certificate consent by acceptance hereof. Copies of the Warrant Agreement are on file and can be inspected at the below-mentioned office of the Warrant Agent and at the office of the Company at 400 South Australian Avenue, Suite 800, West Palm Beach, Florida 33401. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Warrant Agreement.

Subject to the terms of the Warrant Agreement, each Warrant evidenced hereby may be exercised in whole but not in part at any time, as specified herein, on any Business Day (as defined below) occurring during the period (the "**Exercise Period**") commencing on the Issuance Date and terminating at 5:00 P.M., New York City time, on December __, 2020 (the "**Expiration Date**"). Each Warrant remaining unexercised after 5:00 P.M., New York City time, on the Expiration Date shall become null and void, and all rights of the Holder of this Warrant Certificate evidencing such Warrant shall cease.

The Holder of the Warrants represented by this Warrant Certificate may exercise any Warrant evidenced hereby by delivering, not later than 5:00 P.M., New York City time, on any Business Day during the Exercise Period (the "**Exercise Date**") to Computershare Inc. and its wholly-owned subsidiary, Computershare Trust Company, N.A. (collectively, the "**Warrant Agent**", which term includes any successor warrant agent under the Warrant Agreement described below) at its corporate trust department at 250 Royall Street, Canton, Massachusetts 02021, (i) this Warrant Certificate or, in the case of a Book-Entry Warrant Certificate (as defined in the Warrant Agreement), the Warrants to be exercised (the "**Book-Entry Warrants**") as shown on the records of The Depository Trust Company (the "**Depository**") to an account of the Warrant Agent at the Depository designated for such purpose in writing by the Warrant Agent to the Depository, (ii) an election to purchase ("**Election to Purchase**"), properly executed by the Holder hereof on the reverse of this Warrant Certificate or properly executed by the institution in whose account the Warrant is recorded on the records of the Depository (the "**Participant**"), and substantially in the form included on the reverse of this Warrant Certificate and (iii) unless cashless exercise is permitted under the Warrant Agreement, the Exercise Price for each Warrant to be exercised in lawful money of the United States of America by certified or official bank check or by bank wire transfer in immediately available funds, in each case payable to the order of the Company.

As used herein, the term "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law or executive order to remain closed.

Warrants may be exercised only in whole numbers of Warrants. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up or down, as applicable, to the nearest whole number. If fewer than all of the Warrants evidenced by this Warrant Certificate are exercised, a new Warrant Certificate for the number of Warrants remaining unexercised shall be executed by the Company and countersigned by the Warrant Agent as provided in Section 2 of the Warrant Agreement, and delivered to the Holder of this Warrant Certificate at the address specified on the books of the Warrant Agent or as otherwise specified by such Holder.

The Company shall provide to the Holder prompt written notice of any time that the Company is unable to issue the Warrant Shares via DTC transfer or otherwise (without restrictive legend), because (A) the Commission has issued a stop order with respect to the Registration Statement, (B) the Commission otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, (C) the Company has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or (D) otherwise (each a "**Restrictive Legend Event**"). To the extent that a Restrictive Legend Event occurs after the Holder has exercised a Warrant in accordance with the terms of the Warrants but prior to the delivery of the Warrant Shares, the Company shall, at the election of the Holder to be given within five (5) Business Days of receipt of notice of the Restrictive Legend Event, either (A) rescind the previously submitted Election to Purchase and the Company shall return all consideration paid by the Holder for such shares upon such rescission or (B) treat the attempted exercise as a cashless exercise as described in the next paragraph and refund the cash portion of the exercise price to the Holder.

If a Restrictive Legend Event has occurred and no exemption from the registration requirements is available, the Warrant shall only be exercisable on a cashless basis. Notwithstanding anything herein to the contrary, the Company shall not be required to make any cash payments or net cash settlement to the Holder in lieu of issuance of the Warrant Shares. Upon a "cashless exercise," the Holder shall be entitled to receive a certificate (or book entry) for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Business Day immediately preceding the date on which the Holder elects to exercise the Warrant by means of a "cashless exercise," as set forth in the applicable Election to Purchase;
(B) = the Exercise Price of the Warrant, as it may have been adjusted hereunder; and
(X) = the number of Warrant Shares that would be issuable upon exercise of the Warrant in accordance with the terms of the Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

Upon receipt of an Election to Purchase for a cashless exercise, the Warrant Agent will promptly deliver a copy of the Election to Purchase to the Company to confirm the number of Warrant Shares issuable in connection with the cashless exercise. The Company shall calculate and transmit to the Warrant Agent, and the Warrant Agent shall have no obligation under this section to calculate, the number of Warrant Shares issuable in connection with the cashless exercise.

"**VWAP**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (each, a "**Trading Market**"), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time) on any day that the Trading Market on which the Common Stock is then listed is open for trading), (b) the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

The Exercise Price and the number of Warrant Shares purchasable upon the exercise of each Warrant shall be subject to adjustment as provided pursuant to Section 4 of the Warrant Agreement.

Upon due presentment for registration of transfer or exchange of this Warrant Certificate at the stock transfer division of the Warrant Agent, the Company shall execute, and the Warrant Agent shall countersign and deliver, as provided in Section 5 of the Warrant Agreement, in the name of the designated transferee one or more new Warrant Certificates of any authorized denomination evidencing in the aggregate a like number of unexercised Warrants, subject to the limitations provided in the Warrant Agreement.

Neither this Warrant Certificate nor the Warrants evidenced hereby entitles the Holder to any of the rights of a stockholder of the Company, including, without limitation, the right to receive dividends, or other distributions, exercise any preemptive rights to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Company or any other matter.

The Warrant Agreement and this Warrant Certificate may be amended as provided in the Warrant Agreement including, under certain circumstances described therein, without the consent of the Holder of this Warrant Certificate or the Warrants evidenced thereby.

THIS WARRANT CERTIFICATE AND ALL RIGHTS HEREUNDER AND UNDER THE WARRANT AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS FORMED AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

This Warrant Certificate shall not be entitled to any benefit under the Warrant Agreement or be valid or obligatory for any purpose, and no Warrant evidenced hereby may be exercised, unless this Warrant Certificate has been countersigned by the manual or facsimile signature of the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated as of _____ __, 2015

RENNOVA HEALTH, INC.

By: _____
Name:
Title:

COMPUTERSHARE INC., as Warrant Agent

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY, N.A., as Warrant Agent

By: _____
Name:
Title:

[REVERSE]

Instructions for Exercise of Warrant

To exercise the Warrants evidenced hereby, the Holder must, by 5:00 P.M., New York City time, on the specified Exercise Date, deliver to the Warrant Agent at its stock transfer division, a certified or official bank check or a bank wire transfer in immediately available funds, in each case payable to the Company, in an amount equal to the Exercise Price in full for the Warrants exercised. In addition, the Holder must provide the information required below and deliver this Warrant Certificate to the Warrant Agent at the address set forth below and the Book-Entry Warrants to the Warrant Agent in its account with the Depository designated for such purpose. The Warrant Certificate and this Election to Purchase must be received by the Warrant Agent by 5:00 P.M., New York City time, on the specified Exercise Date.

ELECTION TO PURCHASE
TO BE EXECUTED IF WARRANT HOLDER DESIRES
TO EXERCISE THE WARRANTS EVIDENCED HEREBY

The undersigned hereby irrevocably elects to exercise, on _____, ____ (the "**Exercise Date**"), _____ Warrants, evidenced by this Warrant Certificate, to purchase, _____ shares (the "**Warrant Shares**") of Common Stock, par value of $0.01 per share (the "**Common Stock**") of Rennova Health, Inc., a Delaware corporation (the "**Company**"), and represents that on or before the Exercise Date:

☐ such Holder has tendered payment for such Warrant Shares by certified or official bank check payable to the order of the Company c/o Computershare Trust Company, N.A., [ ], or by bank wire transfer in immediately available funds payable to the Company at Account No. [ ], in each case in the amount of $_____ in accordance with the terms hereof, or

☐ [if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 3.3.7 of the Warrant Agreement, to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 3.3.7.

The undersigned requests that said number of Warrant Shares be in fully registered form, registered in such names and delivered, all as specified in accordance with the instructions set forth below.

If said number of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate evidencing the remaining balance of the Warrants evidenced hereby be issued and delivered to the Holder of the Warrant Certificate unless otherwise specified in the instructions below.

Dated: _____ __, ____

Name _____
(Please Print)

/ / / / - / / / - / / / / /
(Insert Social Security or Other Identifying Number of Holder)

Address _____
_____

Signature _____

This Warrant may only be exercised by presentation to the Warrant Agent at one of the following locations:

By hand or mail at: Computershare Trust Company, N.A.
250 Royall Street
Canton, Massachusetts 02021
Attn: Client Administration

The method of delivery of this Warrant Certificate is at the option and risk of the exercising Holder and the delivery of this Warrant Certificate will be deemed to be made only when actually received by the Warrant Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

(Instructions as to form and delivery of Warrant Shares and/or Warrant Certificates)

Name in which Warrant Shares are to be registered if other than in the name of the Holder of this Warrant Certificate:

Address to which Warrant Shares are to be mailed if other than to the address of the Holder of this Warrant Certificate as shown on the books of the Warrant Agent:

(Street Address)

(City and State) (Zip Code)

Name in which Warrant Certificate evidencing unexercised Warrants, if any, is to be registered if other than in the name of the Holder of this Warrant Certificate:

Address to which certificate representing unexercised Warrants, if any, is to be mailed if other than to the address of the Holder of this Warrant Certificate as shown on the books of the Warrant Agent:

(Street Address)

(City and State) (Zip Code)

Dated:

Signature

Signature must conform in all respects to the name of the Holder as specified on the face of this Warrant Certificate. If Warrant Shares, or a Warrant Certificate evidencing unexercised Warrants, are to be issued in a name other than that of the Holder hereof or are to be delivered to an address other than the address of such Holder as shown on the books of the Warrant Agent, the above signature must be guaranteed by a an Eligible Guarantor Institution (as that term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended).

SIGNATURE GUARANTEE

Name of Firm _____

Address _____

Area Code
and Number _____

Authorized
Signature _____

Name _____

Title _____

Dated: _____ , 20__

ASSIGNMENT

(FORM OF ASSIGNMENT TO BE EXECUTED IF WARRANT HOLDER
DESIRES TO TRANSFER WARRANTS EVIDENCED HEREBY)

FOR VALUE RECEIVED, _____ HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO

(Please print name and address including zip code of assignee)

(Please insert social security or other identifying number of assignee)

the rights represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint _____ Attorney to transfer said Warrant Certificate on the books of the Warrant Agent with full power of substitution in the premises.

Dated:

_____

Signature

(Signature must conform in all respects to the name of the Holder as specified on the face of this Warrant Certificate and must bear a signature guarantee by an Eligible Guarantor Institution (as that term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended).

SIGNATURE GUARANTEE

Name of Firm _____

Address _____

Area Code and Number _____

Authorized Signature _____

Name _____

Title _____

Dated: _____ , 20__

Exhibit 4.7

RENNOVA HEALTH, INC.

**CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C CONVERTIBLE PREFERRED STOCK**

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, [ ], do hereby certify that:

1. They are the[ ], respectively, of Rennova Health, Inc., a Delaware corporation (the "Corporation").

2. The Corporation is authorized to issue 5,000,000 shares of preferred stock, of which [ ] shares have been issued.

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the certificate of incorporation of the Corporation provides for a class of its authorized stock known as preferred stock, consisting of 5,000,000 shares, $.01 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of, except as otherwise set forth in the Underwriting Agreement (as defined herein), [ ] shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

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

"Alternate Consideration" shall have the meaning set forth in Section 7(e).

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 6(d).

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Buy-In" shall have the meaning set forth in Section 6(c)(iv).

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section [ ] of the Underwriting Agreement.

"Closing Date" shall have the meaning in the Underwriting Agreement.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value $0.01 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

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

"Conversion Amount" means the sum of the Stated Value at issue.

"Conversion Date" shall have the meaning set forth in Section 6(a).

"Conversion Price" shall have the meaning set forth in Section 6(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fundamental Transaction" shall have the meaning set forth in Section 7(e).

"GAAP" means United States generally accepted accounting principles.

"Holder" shall have the meaning given such term in Section 2.

"Junior Securities" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities which are explicitly senior or pari passu to the Preferred Stock in dividend rights or liquidation preference.

"Liquidation" shall have the meaning set forth in Section 5.

"New York Courts" shall have the meaning set forth in Section 8(d).

"Notice of Conversion" shall have the meaning set forth in Section 6(a).

"Original Issue Date" means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

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

"Preferred Stock" shall have the meaning set forth in Section 2.

"Securities" means the Shares, Preferred Stock, the Warrants, the Warrant Shares and the Underlying Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shares" means the shares of Common Stock issued or issuable to each purchaser party to the Underwriting Agreement on the Closing Date.

"Share Delivery Date" shall have the meaning set forth in Section 6(c).

"Stated Value" shall have the meaning set forth in Section 2, as the same may be increased pursuant to Section 3.

"Subsidiary" means any subsidiary of the Corporation as set forth on Schedule [ ] of the Underwriting Agreement and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date of the Underwriting Agreement.

"Successor Entity" shall have the meaning set forth in Section 7(e).

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange (or any successors to any of the foregoing).

"Transaction Documents" means this Certificate of Designation, the Underwriting Agreement, the Warrants, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Underwriting Agreement.

"Transfer Agent" means [ ], and any successor transfer agent of the Corporation.

"Underlying Shares" means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock and upon exercise of the Warrants.

"Underwriting Agreement" means that certain Underwriting Agreement by and between Aegis Capital Corp., as representative of the several underwriters named therein, and Rennova Health, Inc.

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

"Warrants" means, collectively, the Common Stock purchase warrants delivered to the Holder at the Closing in accordance with Section [ ] of the Underwriting Agreement, which Warrants shall be exercisable immediately and have a term of exercise equal to five years from the date of initial exercise, in the form of Exhibit C attached to the Underwriting Agreement.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C Convertible Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to $[ ] (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a "Holder" and collectively, the "Holders")). Each share of Preferred Stock shall have a par value of $0.01 per share and a stated value equal to $1,000, subject to increase set forth in Section 3 below (the "Stated Value").

Section 3. Dividends. Except for stock dividends or distributions for which adjustments are to be made pursuant to Section 7, Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends shall be paid on shares of Preferred Stock.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock shall have no voting rights. However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that materially adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall (i) first be entitled to receive out of the assets, whether capital or surplus, of the Corporation an amount equal to $0.01 for each share of Preferred Stock before any distribution or payment shall be made to the holders of any Junior Securities and (ii) then be entitled to receive out of the assets, whether capital or surplus, of the Corporation the same amount that a holder of Common Stock would receive if the Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to Common Stock which amounts shall be paid pari passu with all holders of Common Stock. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(d)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for the Preferred Stock shall equal $[ ], subject to adjustment herein (the "Conversion Price").

c) Mechanics of Conversion

i. Delivery of Conversion Shares Upon Conversion. Not later than three (3) Trading Days after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock, which Conversion Shares shall be free of restrictive legends and trading restrictions and (B) a bank check in the amount of accrued and unpaid dividends. The Corporation shall deliver the Conversion Shares electronically through the Depository Trust Company or another established clearing corporation performing similar functions.

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Conversion Notice.

iii. Obligation Absolute. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such Conversion Shares pursuant to Section 6(c)(i) on the second Trading Day after the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each $5,000 of Stated Value of Preferred Stock being converted, $25 per Trading Day (increasing to $50 per Trading Day on the third Trading Day and increasing to $100 per Trading Day on the sixth Trading Day after such damages begin to accrue) for each Trading Day after such second Trading Day after the Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable Conversion Shares by the Share Delivery Date pursuant to Section 6(c)(i), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(c)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder $1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver Conversion Shares upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof.

v. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Underwriting Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock or the Warrants) beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(d) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) RESERVED.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder of will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

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

e) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 6(d) on the conversion of this Preferred Stock), the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 6(d) on the conversion of this Preferred Stock). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents in accordance with the provisions of this Section 7(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock (without regard to any limitations on the conversion of this Preferred Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

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

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at [ ], or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 8. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of such Holder appearing on the books of the Corporation, or if no such facsimile number or address appears on the books of the Corporation, at the principal place of business of such Holder, as set forth in the Underwriting Agreement. Any notice or other communication or deliveries hereunder 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 number set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages and accrued dividends, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Underwriting Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series C Convertible Preferred Stock.

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RESOLVED, FURTHER, that the Chairman, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this __ day of December, 2015.

Name:	Name:
Title:	Title:

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series C Convertible Preferred Stock indicated below into shares of common stock, par value $0.01 per share (the "Common Stock"), of Rennova Health, Inc., a Delaware corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Underwriting Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____
or
DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]

By: _____
Name:
Title:

Exhibit 5.1

Akerman LLP
One Southeast Third Avenue
Suite 2500
Miami, FL 33131-1714
Tel: 305.374.5600
Fax: 305.374.5095

December 22, 2015

Rennova Health, Inc.
400 South Australian Avenue
Suite 800
West Palm Beach, Florida 33401

Gentlemen:

We have acted as counsel to Rennova Health, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") of a Registration Statement on Form S-1, Registration No. 333-208157 (the "Registration Statement"), as amended, pursuant to which the Company is registering under the Securities Act of 1933, as amended (the "Act"), up to $30.0 million of (a) Class A Units consisting of (i) one share of the Company's common stock, par value $0.01 per share (the "Common Stock" and such initial shares of Common Stock issued, the "Initial Shares"), and (ii) a warrant (the "Warrants") to purchase one share of Common Stock (the "Warrant Common Shares") and (b) Class B Units consisting of (i) one share of the Company's Series C Convertible Preferred Stock, par value $0.01 per share ("Series C Preferred Shares"), convertible into shares of Common Stock ("Preferred Common Shares") as set forth in the Certificate of Designation for the Series C Preferred Shares, the form of which is filed as an exhibit to the Registration Statement, and (ii) a Warrant (the Class A Units, Class B Units, Initial Shares, Warrants, Warrant Common Shares, Series C Preferred and Preferred Common Shares are collectively referred to as the "Securities"). As used herein, the term "Securities" shall also include any additional Securities which may be registered pursuant to any subsequent registration statement that the Company may file with the Commission pursuant to Rule 462(b) under the Act ("Rule 462(b)") in connection with the offering contemplated by the Registration Statement. The Class A Units and the Class B Units are to be sold to a group of underwriters (the "Underwriters") who will be parties to an Underwriting Agreement with the Company, the form of which Agreement is filed as an exhibit to the Registration Statement (the "Underwriting Agreement"). All of the Class A Units and the Class B Units are being registered for sale to the Underwriters by the Company. This opinion is being rendered in connection with the filing of the Registration Statement. All capitalized terms used herein and not otherwise defined shall have the respective meanings given to them in the Registration Statement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of: (i) the Registration Statement as filed with the Commission on November 23, 2015 under the Act; (ii) Amendment No. 1 to the Registration Statement as filed with the Commission on December 7, 2015 under the Act; (iii) Amendment No. 2 to the Registration Statement as filed with the Commission on December 16, 2015 under the Act; (iv) Amendment No. 3 to the Registration Statement as filed with the Commission on December 22, 2015 under the Act; (v) the form of Underwriting Agreement; (vi) the Certificate of Incorporation of the Company, as amended, as currently in effect (the "Charter"); (vii) the Restated By-Laws of the Company, as currently in effect (the "By-Laws"); and (viii) certain resolutions and minutes of meetings of the Board of Directors of the Company relating to (A) the issuance and sale of the Securities, (B) the specimen stock certificate, (C) the form of Warrant, (D) the form of Certificate of Designation for Series C Preferred Stock, and (E) other related matters. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinion set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified, conformed or photostatic copies, and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto, other than the Company, had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the execution and delivery by such parties of such documents and the validity and binding effect thereof on such parties. As to any facts material to the opinion expressed herein which we have not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Company and others.

Based upon the foregoing and subject to the limitations set forth below, we are of the opinion that, when the Registration Statement becomes effective under the Act and the Underwriting Agreement has been duly executed and delivered, (i) the Class A Units, Class B Units, Initial Shares, and Series C Preferred Shares, when issued by the Company and delivered by the Company against payment therefor as contemplated by the Underwriting Agreement, will be duly and validly issued, fully paid and non-assessable, (ii) provided that the Warrants have been duly executed and delivered by the Company and duly delivered to the purchasers thereof against payment therefor, the Warrants, when sold and issued as contemplated in the Registration Statement and the prospectus, will be valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance, debtor and creditor, and similar laws which relate to or affect creditors' rights generally, and by general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith and fair deal regardless of whether considered in a proceeding in equity or at law), (iii) the Warrant Shares, when issued and paid for in accordance with the terms of the Warrants, will be validly issued, fully paid and non-assessable; and (iv) the Preferred Common Shares, when issued and paid for in accordance with the terms of the Series C Preferred Shares, will be validly issued, fully paid and non-assessable..

We express no opinion as to matters governed by laws of any jurisdiction other than the laws of the State of Delaware and the federal laws of the United States of America, as in effect on the date hereof.

We are opining only as to matters expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion is rendered as of the date hereof and is based upon currently existing statutes, rules, regulations and judicial decisions. We disclaim any obligation to advise you of any change in any of these sources of law or subsequent legal or factual developments that affect any matters or opinions set forth herein.

We understand that you wish to file this opinion as an exhibit to the Registration Statement, and we hereby consent thereto. We hereby further consent to the reference to us under the caption "Legal Matters" in the prospectus included in the Registration Statement and in any registration statement pursuant to Rule 462(b). In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Sincerely,

/s/ Akerman LLP

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No.3 to Registration Statement No. 333-208157 of our report dated June 26, 2015, relating to the consolidated financial statements of CollabRx, Inc. (Rennova Health, Inc. effective November 2, 2015), which appears in CollabRx Inc.'s Annual Report on Form 10−K for the year ended March 31, 2015. We also consent to the reference of our firm under the heading "Experts" in such Registration Statement.

/s/ Burr Pilger Mayer, Inc.

San Francisco, California
December 22, 2015

Exhibit 23.2

Green & Company, CPAs
A PCAOB Registered Accounting Firm

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 3 to the Registration Statement on Form S−1 of our reports dated December 16, 2015 and April 15, 2015, relating to the consolidated financial statements of Medytox Solutions, Inc., which appear in Rennova Health, Inc.'s Current Report on Form 8-K/A filed with the Securities and Exchange Commission on December 16, 2015. We also consent to the reference of our firm under the heading "Experts" in such Registration Statement.

/s/ Green & Company, CPAs

Green & Company, CPAs
Temple Terrace, FL
December 22, 2015