As filed with the Securities Exchange Commission on June 24, 2014

File No. 333-196462

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PROFIRE ENERGY, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**3822**	**20-0019425**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

321 South 1250 West, Suite 1
Lindon, Utah 84042
(801) 796-5127
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

_____

Brenton W. Hatch, Chief Executive Officer
Profire Energy, Inc.
321 South 1250 West, Suite 1
Lindon, Utah 84042
(801) 796-5127
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
From time to time 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 filed, 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 ☒

CALCULATION OF REGISTRATION FEE

Title of Shares to be Registered	Amount to be Registered(1) (3)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(4)
Common Stock, $0.001 par value per share	6,900,000	$ 34,500,000	$ 4,443.60

(1) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

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

(4) Of the total registration fee of $4,443.60, $3,366.03 has previously been 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 Commission, acting pursuant to said Section 8(a), may determine.

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

Subject to completion: Dated June 24, 2014

PROFIRE ENERGY, INC.

6,000,000 SHARES OF COMMON STOCK

We are offering 4,500,000 shares of our common stock, par value $0.001 per share, and selling shareholders identified in this prospectus are offering 1,500,000 shares of our common stock pursuant to this prospectus. We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

Our common stock is traded on The NASDAQ Capital Market under the trading symbol "PFIE." On June 23, 2014, the closing price of our common stock was $5.49 per share.

The shares of common stock offered or sold under this prospectus involve a high degree of risk. You should carefully consider the risk factors beginning on page 5 of this prospectus before purchasing any of the shares of common stock offered under this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[1] [2]	$	$
Proceeds, before expenses, to Profire Energy , Inc.	$	$
Proceeds, before expenses, to selling stockholder.	$	$

(1) The underwriting discounts and commissions shall equal 7% of the gross proceeds of this offering.

(2) The underwriters will receive compensation in addition to the underwriting discount described above. See "Underwriting" for a description of compensation payable to the underwriters.

The selling stockholders have granted the underwriters an option to purchase up to an additional 900,000 shares of our common stock at the public offering price, less the underwriting discounts and commissions, within 45 days from the date of this prospectus, to cover over-allotments of the shares, if any. The underwriters agreed to purchase the over-allotment shares from the selling stockholders identified in this prospectus. We will not receive any proceeds from the sale of the over-allotment shares, if any, by the selling stockholders. If the underwriters exercise this option in full, the total underwriting discounts and commissions with respect to the over-allotment will be $, which amount will be payable by the selling stockholders, and total proceeds, before expenses, to the selling stockholders will be $.

We expect to deliver the shares of common stock against payment in New York, New York on or about , 2014.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Joint Book Running Managers

Maxim Group LLC **Chardan Capital Markets, LLC**

The date of this prospectus is , 2014

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You should rely only on the information contained in this prospectus and in any free writing prospectus filed with the Securities and Exchange Commission. We and the selling stockholders have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing 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 our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

As used in this prospectus, "Profire" is a trademark of our Company in the United States and other countries. All other brand or product names are or may be trademarks of, and are used to identify the products and services of, their respective owners. Unless the context otherwise requires, when used herein, the "Company," "Profire," "us," "we," "ours," and similar terms refer to Profire Energy, Inc. and our operating subsidiary. The "selling stockholders" refers, collectively, to the selling stockholders named in this prospectus under "Principal and Selling Stockholders."

PROSPECTUS SUMMARY

This summary does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus, including the risks discussed under the caption "Risk Factors" and our consolidated financial statements and the related notes included elsewhere in this prospectus, for important information regarding our company and our common stock before making the decision to invest.

Overview

We were originally incorporated in the State of Nevada on May 5, 2003. Since October 2008, we have been engaged in the business of developing combustion management technologies for the oil and gas industry.

Principal Products and Services

We design, assemble, install, service, and sell oilfield combustion management technologies and related products such as fuel train components, secondary airplates, and valve actuators. Our products and services aid oil and natural gas producers in the safe and efficient transportation, refinement, and production of oil and natural gas. Our primary products are burner management systems, as described below.

In the oil and natural gas industry there are numerous demands for heat generation and control. Oilfield vessels of all kinds, including line-heaters, dehydrators, separators, treaters, amine reboilers, and free-water knockout systems, require sources of heat to satisfy their various functions, which heat is provided by a burner flame inside the vessel. A burner flame is integral to the proper function of the oilfield vessel because the vessels use the flame's heat to help separate, store, transport and purify oil and gas (or even water). The viscosity of the oil and gas is critical to a number of oilfield processes, and is directly affected by the heat provided by the burner flame inside the vessel.

Our products help monitor and manage this burner flame, reducing the need for employee interaction with the burner, such as for re-ignition or temperature monitoring. As a result, oil and gas producers achieve greater operational efficiencies, increased safety, and improved compliance. We believe there is a growing trend in the oil and gas industry toward process automation, and burner management automation fits squarely within this trend. Also, there is an increasing need for skilled combustion technicians. In addition to selling products, we train and dispatch combustion technicians to address this industry need in both Canada and throughout the continental United States.

Before we began designing and selling burner management products, our primary focus was on providing installation and maintenance services for the products and systems of other manufacturers. After providing installation and maintenance services for several years, we decided to pursue the development of burner management technologies for the oil and gas industry, and we began work on a proprietary burner management system to monitor and manage the burner flames used in oilfield vessels. Our principal objectives in developing our proprietary burner management system were to:

- provide a safe, efficient and code-compliant method to monitor and/or manage burner flames in the industry; and
- ensure the system could be easily controlled by oilfield operators.

With these objectives in mind, we initially developed the PF1100 burner management system in 2005. During our fourth fiscal quarter 2011, we introduced the PF2100 burner management system. The PF2100 offered increased expandability, remote access and data logging features compared to the PF1100 model. The PF2100 system has proven more versatile and capable than the PF1100, and allows the end-user to more easily manage a wider variety of combustion vessels. It also complies with Canadian Standards Association ("CSA") and Underwriters Laboratories ("UL") ratings. While we still support our Profire 1100 system, we no longer sell it.

During our second fiscal quarter of 2013, we released the PF1300. The PF1300 is a new flare-ignition system that provides fundamental ignition capabilities for combustor and open-flare vessels, and can relay flame-status.

In May 2013, we expanded our product line, announcing the PF1800. The PF1800 is a mid-range burner management system option that provides fundamental burner management functionality, such as burner re-ignition and temperature management. As a simplified burner management system, we do not expect the PF1800 to become a flagship product but rather to fill a void in the industry's burner management needs. The PF1800 became available for sale in June 2013.

Our systems have become widely used in Western Canada, and well-received in the United States market, with sales to such companies as Chesapeake, Anadarko, Exxon-Mobil, Shell, ConocoPhillips, Devon Energy, Petro-Canada, Encana and others, often delivered by one of our distributors, such as Cameron. Our systems have also been sold and installed in other parts of the world, including France, Italy, England, Russia, the Middle East, Australia, China, and Brazil.

We believe our burner management systems and flare-ignition system offer certain advantages to other burner management systems on the market including that they:

- meet or exceed all current relevant codes and standards, while many competing products are not certified to industry codes;
- are easily installed with clearly marked component I/O;
- have easily accessible and removable terminal connections;
- rapidly shut down on flame-out;
- use DC voltage spark ignition;
- accommodate solar panel or thermoelectric generator applications with a low-power design;
- enable auto-relight or manual operation; and
- include transient protected fail-safe circuits.

In addition to the PF2100 and PF1800 burner management systems and our PF1300 flare-ignition system, we design other technologies and products for sale, including:

- specialized burner management systems intended for use in specific firetube vessels (e.g., incinerators);
- valve train products, including valves, valve actuators, gauges, and installation products; and
- miscellaneous components such as:
    - solar-power generation kits;
    - add-on cards to expand the functionality of a given system; and
    - a proprietary airplate that meters secondary airflow to the burner, allowing for more optimized combustion and reduced emissions.

We continually assess market needs and look for opportunities to provide quality solutions to the oil and gas producing companies we serve. Upon identifying a potential market need, we begin researching the market and developing products that might have feasibility for future sale.

Recent Developments

On November 12, 2013, we entered into a purchase agreement with various institutional and individual accredited investors to raise gross proceeds of approximately $4.7 million in a private placement of 2,172,405 shares of our common stock at a per share price of $2.18 (the "Private Placement"). On November 18, 2013, we completed the Private Placement. We received net proceeds of approximately $4.2 million from the Private Placement, after paying placement agent fees and offering expenses, which net proceeds we have been using to fund our growth initiatives and for general working capital purposes.

We have recently completed the first of two expansion phases of our Utah facilities. The first phase entailed the creation of additional office spaces for new and anticipated sales, management, and administrative personnel, and was completed in early March 2014. The second phase, which entails the renovation of our warehouse bays to more efficiently receive, assemble, store, and ship product, began in March 2014. The second phase entails merging the existing bays, which are currently separated by walls, and installing inventory-management technologies to help expedite handling of product and to provide enhanced supply chain insight for management. We also plan to have dedicated areas for quality-assurance testing, fabrication, assembly, and employee-training. We expect the second phase to be completed by fall of 2014.

In April 2014 we began selling a new proprietary valve-actuator, the VM80, to compete with the industry's leading valve actuators that control fuel gas in many of the oil and gas industry's firetube vessels. The actuator—which is electrically controlled—sits atop a valve, and serves as a valve's controlling component. Our new actuator is designed to work seamlessly with our burner management systems, and is expected to be more competitively priced than many of the industry's electronic valves.

We opened a new service center in Victoria, Texas, and have upgraded our Tioga, Pennsylvania satellite office to a service center. The expansion is expected to accommodate the Company's growing service and sales teams, support growing product-sales, and help test a new recurring-revenue service model. Supporting product sales remains the service team's first priority.

Corporate Information

Our principal executive offices are located at 321 South 1250 West, Suite 1, Lindon, Utah 84042. Our telephone number at that location is (801) 796-5127.

The Offering

Common stock offered by us	4,500,000 shares
Common stock offered by the selling stockholders	1,500,000 shares
Common stock outstanding prior to this offering (1) (2)	48,041,563 shares
Common stock to be outstanding after this offering	54,041,563 shares
Over-allotment option	The underwriters have a 45-day option to purchase up to 900,000 shares of common stock from the selling stockholders at the public offering price solely to cover over-allotment, if any.
Use of proceeds	We expect to use the proceeds from this offering for expansion of our sales and service team, and for other working capital purposes. We may also use a portion of the net proceeds to fund possible investments in, or acquisitions of, complementary businesses, solutions or technologies. We will not receive any proceeds from the sale of any shares in this offering by the selling shareholders.
NASDAQ Capital Market symbol for our Common Stock	PFIE
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of the factors you should consider carefully before deciding to invest in shares of our common stock

(1) Based on 48,041,563 shares outstanding on June 23, 2014.

(2) Excludes the following:

- 3,218,615 shares of common stock issuable upon exercise of options outstanding as of June 23, 2014 at a weighted average exercise price of $1.35 per share; and
- 682,100 shares of common stock reserved for further issuance under the Profire Energy, Inc. 2010 Equity Incentive Plan (the "2010 Plan").

Unless otherwise indicated, all information in this prospectus assumes the underwriters will not exercise their over-allotment option to purchase up to 900,000 additional shares of common stock from the selling stockholders.

Summary Financial Data

The following tables set forth a summary of the historical financial data of Profire as of, and for the period ended on, the dates indicated. The statements of operations data for the years ended March 31, 2013 and 2012 and the balance sheet data as of March 31, 2013 and 2012 are derived from Profire's audited financial statements included elsewhere in this prospectus. The statement of operations data for the nine months ended December 31, 2013 and 2012 and balance sheet data as of December 31, 2013 have been derived from our unaudited financial statements appearing elsewhere in this prospectus. You should read this data together with Profire's audited financial statements and related notes appearing elsewhere in this prospectus and the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of our future results, and results for the nine months ended December 31, 2013 are not necessarily indicative of results to be expected for the full year ending March 31, 2014.

	Years Ended March 31		Nine Months Ended December 31	
	2013	2012	2013	2012
Statement of Operations Data:			(unaudited)	
Revenues	$ 16,887,267	$ 15,925,213	$ 26,054,873	$ 11,597,927
Cost of sales	8,077,997	6,887,869	11,088,163	5,026,511
Gross profit	8,809,270	9,037,344	14,966,710	6,571,416
Operating expenses	6,663,843	4,669,727	7,385,493	227,604
Income from operations	2,145,427	4,367,617	7,581,217	1,213,600
Other income	18,133	(16,395)	3,461	8,218
Net income before income taxes	2,163,560	4,351,222	7,584,678	1,221,818
Income tax expense	730,905	1,163,451	2,714,839	337,222
Net income	1,432,655	3,187,771	4,869,839	884,596
Comprehensive income	1,319,423	3,038,265	4,491,022	654,744
Basic earnings (loss) per share	0.03	0.07	0.11	0.02
Fully diluted earnings (loss) per share	0.03	0.07	0.11	0.02
Basic weighted average number of shares outstanding	45,109,767	45,000,000	45,705,105	45,088,400
Fully diluted weighted average number of shares outstanding	45,371,956	45,218,238	46,118,077	45,357,724
Balance Sheet Data (as of end of period):				
Total assets	$ 12,385,873	$ 10,125,758	$ 23,767,322	$ 11,786,815
Total liabilities	1,923,226	1,494,182	3,484,285	2,143,097
Total stockholders' equity	10,462,647	8,631,576	20,283,037	9,643,718
Statement of Cash Flows Data:				
Net cash provided by (used in):				
Operating activities	$ (370,592)	$ 1,604,135	$ 1,335,935	$ 308,915
Investing activities	(536,852)	(1,487,628)	(620,147)	(474,381)
Financing activities	-	-	4,451,487	-

RISK FACTORS

An investment in our common stock involves significant risks. You should read and analyze these risk factors carefully before deciding whether to invest in our company. The following is a description of what we consider our key challenges and risks.

Risks Relating to our Business

Changes in the level of capital-spending by our customers could materially and adversely impact our business and financial condition.

Our principal customers are oil and natural gas exploration and production companies. Our results of operations and financial condition depend on the level of capital spending by our customers. The energy industry's level of capital spending is tied to the prevailing commodity prices of natural gas and crude oil. Low commodity prices have the potential to reduce the amount of crude oil and natural gas that our customers can economically produce and volatility in commodity prices may make our customers reluctant to invest in oilfields where our products would be required. Although our products enhance the efficiency of producing wells, we believe a prolonged or substantial downturn in market price would lead to reductions or delays in the capital spending of our clients and therefore in the demand for our products and services, which could materially and adversely impact our results of operations, financial condition and cash flow.

Our business depends on spending by the oil and gas industry; this spending and our business may be materially and adversely affected by industry conditions that are beyond our control.

We depend on our customers' willingness to make operating and capital expenditures to transport, refine and produce oil and natural gas. Industry conditions are influenced by numerous factors over which we have no control, such as:

- the level of oil and gas production;
- the demand for oil and gas related products;
- domestic and worldwide economic conditions;
- political instability in the Middle East and other oil producing regions;
- the actions of the Organization of Petroleum Exporting Countries;
- the price of foreign imports of oil and gas, including liquefied natural gas;
- natural disasters or weather conditions, such as hurricanes;
- technological advances affecting energy consumption;
- the level of oil and gas inventories;
- the cost of producing oil and gas;
- the price and availability of alternative fuels;
- merger and divestiture activity among oil and gas producers; and
- governmental regulations.

The volatility of the oil and gas industry and the consequent impact on the transportation, refinement and production of oil and natural gas could cause a decline in the demand for our products and services, which could have a material adverse effect on our business.

Our assets and operations, as well as the assets and operations of our customers, could be adversely affected by weather and other natural phenomena.

Our assets and operations could be adversely affected by natural phenomena, such as tornados, earthquakes, wildfire, and landslides. A significant disruption in our operations or the operations of our customers due to weather or other natural phenomena could adversely affect our business and financial condition.

The attractive nature of the oilfield services industry could lead to an increase of direct competitors.

The oilfield services industry is highly competitive. As our segment within the oil and gas exploration and production industry grows and matures we expect additional companies will seek to enter this market. New entrants to our industry may be more highly capitalized, more experienced, better recognized or better situated to take advantage of market opportunities. Any failure by us to compete against current and future competitors could have a material adverse effect on our business, financial condition and results of operations.

Changes to governmental regulation of the oil and gas industry could materially and adversely affect our business.

If the laws and regulations governing oil and natural gas exploration and production were to become less stringent, we could experience a significant decline in the demand for our products, which we would expect would materially and adversely impact our results of operations and financial condition. These regulations are subject to change and new regulations may curtail or eliminate customer activities in certain areas where we currently operate. We cannot determine the extent to which new legislation may impact customer activity levels, and ultimately, the demand for our products and services.

Further, our operations are affected by local, provincial, state, federal and foreign laws and other regulations relating to gas and electric safety standards and the oil and gas industry, as well as laws and regulations relating to worker safety and potentially environmental protection. We cannot predict the level of enforcement of existing laws and regulations, how such existing laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on us, our business or financial condition.

Failure to comply with applicable environmental and other laws and regulations could adversely affect our business and harm our results of operations.

We use hazardous materials in our research and development and manufacturing processes, and, as a result, are subject to federal, state, local and foreign regulations governing the use, storage, handling and disposal of these materials and hazardous waste products that we generate. Although we believe that our procedures for using, handling, storing and disposing of hazardous materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from hazardous materials and we may incur liability as a result of any such contamination or injury. In the event of an accident, including a discharge of hazardous materials into the environment, we could be held liable for damages or penalized with fines, and the liability could exceed our insurance and other resources. We have also incurred and may continue to incur expenses related to compliance with environmental laws. Such future expenses or liability could have a significant negative impact on our business, financial condition and results of operations. Further, we cannot assure you that the cost of complying with these laws and regulations will not materially increase in the future.

We are also subject to various other federal, state, local and foreign laws and regulations. Failure to comply with applicable laws and regulations, including new or revised safety or environmental standards, could give rise to significant liability and require us to incur substantial expenses and could materially harm our results of operations.

Our international operations involve additional risks not associated with our domestic operations.

We intend to continue our expansion into international oil and gas producing areas. The effect on our international operations from the risks we describe will not be the same in all countries and jurisdictions. The specific risks associated with our operations outside of the United States include risks of:

- multiple, conflicting, and changing laws and regulations, export and import restrictions, and employment laws;
- regulatory requirements, and other government approvals, permits, and licenses;
- potentially adverse tax consequences;
- political and economic instability, including wars and acts of terrorism, political unrest, boycotts, curtailments of trade and sanctions, and other business restrictions;
- expropriation, confiscation or nationalization of assets;
- renegotiation or nullification of existing contracts;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;
- foreign exchange restrictions;
- foreign currency fluctuations;
- foreign taxation;
- the inability to repatriate earnings or capital;
- changing foreign and domestic monetary policies;
- regional economic downturns; and
- foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction that may harm our ability to compete.

Sanctions by the U.S. government against certain companies and individuals in Russia and Ukraine may hinder our ability to conduct business with potential or existing customers in these countries.

We currently derive a portion (less than 1% in the year ended March 31, 2013) of our revenue from Russia. The continuation or escalation of the current geopolitical instability in Russia and Ukraine could negatively impact our operations, sales, and future growth prospects in that region. Recently, the U.S. government imposed sanctions through several executive orders restricting U.S. companies from conducting business with specified Russian and Ukrainian individuals and companies. The sanctions imposed by the U.S. government may be expanded in the future to restrict us from engaging with existing and potential customers. If we are unable to conduct business with new or existing customers or pursue opportunities in Russia or Ukraine, our business, including revenue, profitability and cash flows, could be adversely affected.

Our business has potential liability for litigation, personal injury and property damage claims assessments.

Most of our products are used in hazardous production applications and involve exposure to inherent risks, including explosions and fires, where an accident or a failure of a product could result in liability for personal injury, loss of life, property damage, pollution or other environmental hazards or loss of production. Litigation may arise from a catastrophic occurrence at a location where our equipment and services are used. This litigation could result in large claims for damages, including consequential damages, and could impair the market's acceptance of our products. The frequency and severity of such incidents could affect our operating costs, insurability and relationships with customers, employees and regulators. These occurrences could have an adverse effect on us.

Our business may be subject to product liability claims or product recalls, which could be expensive and could result in a diversion of management's attention.

The oil industry experiences significant product liability claims. As an installer and servicer of oilfield combustion management technologies and related products, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our technology or products caused the accidents. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. In addition, we may be required to participate in recalls involving our products if any of our products prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims as a result of various industry or business practices or the need to maintain good customer relationships. We cannot assure you that our product liability insurance will be sufficient to cover all product liability claims, that such claims will not exceed our insurance coverage limits or that such insurance will continue to be available on commercially reasonable terms, if at all. Any product liability claim brought against us could have a material adverse effect on our reputation and business.

Uninsured or underinsured claims or litigation or an increase in our insurance premiums could adversely impact our results of operations.

Although we maintain insurance protection for certain risks in our business and operations, we are not fully insured against all possible risks, nor are all such risks insurable. It is possible an unexpected judgment could be rendered against us in cases in which we could be uninsured or underinsured and beyond the amounts we currently have reserved or anticipate incurring. Significant increases in the cost of insurance and more restrictive coverage may have an adverse impact on our results of operations. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or that our insurance coverage will be adequate to cover future claims and assessments that may arise.

Liability to customers under warranties may materially and adversely affect our earnings.

We provide warranties as to the proper operation and conformance to specifications of the products we sell. Failure of our products to operate properly or to meet specifications may increase our costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. We have in the past received warranty claims, and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, our ability to obtain future business and our earnings could be adversely affected.

***Some of our products use equipment and materials that are available from a limited number of suppliers*.**

We purchase equipment provided by a limited number of manufacturers who specialize in combustion burner equipment. During periods of high demand, these manufacturers may not be able to meet our requests for timely delivery, resulting in delayed deliveries of equipment and higher prices for equipment. There are a limited number of suppliers for certain materials used in burner management systems, our largest product line. Although these materials are generally available, supply disruptions can occur due to factors beyond our control. Such disruptions, delayed deliveries, and higher prices could limit our ability to provide services or increase the costs of providing services, thus reducing revenues and profits.

Dependence on contract manufacturing and outsourcing other portions of our supply chain may adversely affect our ability to bring products to market and damage our reputation.

As part of our efforts to streamline operations and to cut costs, we outsource our manufacturing processes and other functions and continue to evaluate additional outsourcing. If our contract manufacturers or other outsourcers fail to perform their obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, during a market upturn, our contract manufacturers may be unable to meet our demand requirements, which may preclude us from fulfilling our customers' orders on a timely basis. The ability of these manufacturers to perform is largely outside of our control. Additionally, changing or replacing our contract manufacturers or other outsourcers could cause disruptions or delays.

Historically, we have been dependent on a few major customers for a significant portion of our revenue and our revenue could decline if we are unable to maintain those relationships, if customers reduce their orders for their products, or if we are unable to secure new customers.

Historically, we have derived a significant portion of our revenue from a limited number of customers. For the years ended March 31, 2013 and 2012, sales to our largest four customers accounted for approximately 37% and 52%, respectively, of our revenue. While we continually seek to broaden our customer base, it is likely that for the foreseeable future we will remain dependent on these customers to supply a substantial portion of our revenue. Relationships with our customers are based on purchase orders rather than long-term formal supply agreements and customers can discontinue or materially reduce orders without warning or penalty. Demand for our products is tied directly to the health of the oil industry. Accordingly, factors that affect the oil industry have a direct effect on our business, including factors outside of our control, such as sales slowdowns due to economic concerns, or as a result of natural disasters. The loss of one or more of our significant customers, or reduced demand from one or more of our significant customers, would result in an adverse effect on our revenue, our profitability, and our ability to continue our business operations.

We are exposed to risks of delay, cancellation, and nonpayment by customers in the ordinary course of our business activities.

We are exposed to risks of loss in the event of delay, cancellation, and nonpayment by our customers. Our customers are subject to their own operating and regulatory risks and may be highly leveraged. We may experience financial losses in our dealings with other parties. Any delay and any increases in the cancellation of contracts or nonpayment by our customers and/or counterparties could adversely affect our results of operations and financial condition.

Our operating results for certain components of our business may fluctuate on a seasonal basis.

Revenues from the sale of our products can fluctuate depending on the season. The demand for oil, natural gas and other fuels peak during the winter months. Since oil and natural gas producers make up our customer base, the demand for our products could fluctuate seasonally with the demand for oil and natural gas. Demand for natural gas and other fuels could vary significantly from our expectations depending on the location of our customers.

Our ability to successfully commercialize our technology and products may be materially adversely affected if we are unable to obtain and maintain effective intellectual property rights for our technologies and planned products, or if the scope of the intellectual property protection is not sufficiently broad.

Our success depends in part on our ability to obtain and maintain patent and other intellectual property protection in the U.S. with respect to our proprietary technology and products. In recent years patent rights have been the subject of significant litigation. As a result, the issuance, scope, validity, enforceability and commercial value of the patent rights is highly uncertain. Pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the U.S. may diminish the value of patents or narrow the scope of patent protection. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we or were the first to file for patent protection of such inventions.

Even if the patent applications we rely on issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and patents may be challenged in the courts or patent offices in the U.S. and abroad. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours or otherwise provide us with a competitive advantage.

While we are not currently engaged in any material intellectual property litigation, in the future we may commence lawsuits against others if we believe they have infringed our rights. We cannot assure you that we would be successful in any such litigation. Our involvement in any intellectual property litigation could require the expenditure of substantial time and other resources, may adversely affect the development of sales of our products or intellectual property, may divert the efforts of our technical and management personnel, and could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to protect or enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on all of our planned products throughout the world would be prohibitively expensive to us. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but where enforcement is not as strong as in the U.S. These products may compete with our products in jurisdictions where we do not have any issued patents and our intellectual property rights may not be effective or sufficient to prevent them from so competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries may not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of any patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce any patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected, harming our business and competitive position.

Some of our proprietary intellectual property is not protected by any patent, copyright or patent or copyright applications, and, despite our precautions, it may be possible for third parties to obtain and use such intellectual property without authorization. We rely upon confidential proprietary information, including trade secrets, unpatented know-how, technology, software, and other proprietary information, to develop and maintain our competitive position. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in the market. We seek to protect our confidential proprietary information, in part, by confidentiality agreements with our employees and our collaborators and consultants. We also have agreements with our employees and selected consultants that obligate them to assign their inventions to us. These agreements are designed to protect our proprietary information, however, we cannot be certain that our trade secrets and other confidential information will not be disclosed or that competitors will not otherwise gain access to our trade secrets, or that technology relevant to our business will not be independently developed by a person that is not a party to such an agreement. Furthermore, if the employees, consultants or collaborators that are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets through such breaches or violations. Further, our trade secrets could be disclosed, misappropriated or otherwise become known or be independently discovered by our competitors. In addition, intellectual property laws in foreign countries may not protect trade secrets and confidential information to the same extent as the laws of the U.S. If we are unable to prevent disclosure of the intellectual property related to our technologies to third parties, we may not be able to establish or maintain a competitive advantage in our market, which would harm our ability to protect our rights and have a material adverse effect on our business.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability and the ability of our distributors, contract manufacturers, and suppliers to manufacture, market, and sell our products, and to use our proprietary technologies without infringing, misappropriating or otherwise violating the proprietary rights or intellectual property of third parties. While we are not aware of any issued or pending patent applications that could restrict our ability to operate, we may in the future become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology. Third parties may assert infringement claims against us based on existing or future intellectual property rights. If we are found to infringe a third-party's intellectual property rights, we may be temporarily or permanently prohibited from commercializing our products that are held to be infringing. We might, if possible, also be forced to redesign our products so that we no longer infringe the third party intellectual property rights or we could be required to obtain a license from such third-party to continue developing and marketing our products and technology. We may also elect to enter into such a license in order to settle pending or threatened litigation. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us, and could require us to pay significant royalties and other fees. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our products or force us to cease some of our business operations, which could materially harm our business.

Even if we are successful in defending against intellectual property claims, litigation or other legal proceedings relating to such claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of litigation or other intellectual property related proceedings could have a material adverse effect on our ability to compete in the marketplace.

If we do not develop and commercialize new competitive products, our revenue may decline.

To remain competitive in the market for oilfield combustion management technologies, we must continue to develop and commercialize new products. If we are not able to develop commercially competitive products in a timely manner in response to industry demands, our business and revenues will be adversely affected. Our future ability to develop new products depends on our ability to:

- design and commercially produce products that meet the needs of our customers;
- successfully market new products; and
- protect our proprietary designs from our competitors.

We may encounter resource constraints or technical or other difficulties that could delay introduction of new products and services. Our competitors may introduce new products before we do and achieve a competitive advantage.

Additionally, the time and expense invested in product development may not result in commercial products or provide revenues. We could be required to write off our entire investment in a new product that does not reach commercial viability. Moreover, we may experience operating losses after new products are introduced and commercialized because of high start-up costs, unexpected manufacturing costs or problems, or lack of demand.

New technologies could render our existing products obsolete.

New developments in technology may negatively affect the development or sale of some or all of our products or make our products obsolete. Our success depends upon our ability to design, develop and market new or modified combustion management technologies and related products. Our inability to enhance existing products in a timely manner or to develop and introduce new products that incorporate new technologies, conform to stringent regulatory standards and performance requirements and achieve market acceptance in a timely manner could negatively impact our competitive position. New product development or modification is costly, involves significant research, development, time and expense and may not necessarily result in the successful commercialization of any new products.

Our business and financial condition could be negatively impacted if we lose the services of certain members of senior management.

Our development to date has depended, and in the future will continue to depend, on the efforts of our senior management, including Brenton W. Hatch, CEO, Harold Albert, COO, and Andrew W. Limpert, CFO. We currently do not have key person insurance for these individuals, however, we plan to procure key person insurance on our CFO, Andrew W. Limpert. Departures by members of our senior management could have a negative impact on our business, as we may not be able to find suitable personnel to replace departing members on a timely basis or at all. The loss of any member of our senior management could impair our ability to execute our business plan and could therefore have a material adverse effect on our business, results of operations and financial condition.

Failing to attract and retain skilled employees could impair our growth potential and profitability.

Our ability to remain productive and profitable depends substantially on our ability to attract and retain skilled employees. Our ability to expand our operations is in part impacted by our ability to increase our labor force. The demand for skilled oilfield employees is high and the supply is limited. A significant increase in the wages paid by competing employers could result in a reduction in our skilled labor force, increases in the wage rates paid by us, or both. If either of these events were to occur, our capacity and profitability could be diminished, and our growth potential could be impaired.

If we are unable to expand into new markets, our ability to grow our business and profitability as planned could be materially and adversely effected.

We intend to continue to pursue our aggressive growth strategy for the foreseeable future. Future operating results will depend largely upon our ability to expand to new markets and increase sales. To support this growth, we have and will continue to expand our marketing expenditures, add new employees and open additional offices. There can be no assurance that we will be able to expand our market share in our existing markets or successfully enter new or contiguous markets. Nor can there be any assurance that such expansion will not adversely affect our profitability and results of operations. If we are unable to enter into new markets, our business, results of operations, financial condition and cash flow could be materially and adversely affected.

If we are unable to manage growth effectively, our business, results of operations and financial condition could be materially and adversely affected.

Our ability to successfully expand to new markets, or expand our penetration in existing markets, is dependent on a number of factors including:

- our ability to market our products and services to new customers;
- our ability to provide increasingly large-scale support and training materials for a growing customer base;
- our ability to hire, train and assimilate new employees;
- the adequacy of our financial resources; and
- our ability to correctly identify and exploit new geographical markets and to successfully compete in those markets.

There can be no assurance that we will be able to achieve our planned expansion, that our products will gain access to new markets or be accepted in new marketplaces, achieve greater market penetration in existing markets or that we will achieve planned operating results or results comparable to those we experience in existing markets in the new markets we enter.

Our awards of stock options to employees may not have their intended effect.

A portion of our total compensation program for key personnel has historically included the award of options to buy our common stock or the common stock of our subsidiaries. If the price of our common stock performs poorly, such performance may adversely affect our ability to retain or attract critical personnel. In addition, any changes made to our stock option policies, or to any other of our compensation practices, which are made necessary by governmental regulations or competitive pressures could affect our ability to retain and motivate existing personnel and recruit new personnel.

Risks Relating to our Stock and this Offering

Our common stock lacks liquidity.

A significant percentage of our outstanding common stock is "restricted" and therefore subject to the resale restrictions set forth in Rule 144 of the rules and regulations promulgated by the United States Securities and Exchange Commission (the "SEC" or "Commission") under the Securities Act of 1933. These factors could adversely affect the liquidity, trading volume, price and transferability of our common stock.

The market price of our common stock has been and may continue to be volatile.

The market price of our common stock has been volatile, and fluctuates widely in price in response to various factors, which are beyond our control. The price of our common stock is not necessarily indicative of our operating performance or long-term business prospects. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. Factors such as the following could cause the market price of our common stock to fluctuate substantially:

- the introduction of new products by our competitors;
- announcements of technology advances by us or our competitors;
- current events affecting the political and economic environment in the United States;
- conditions or trends in the industry, including demand for our products and services and technological advances;
- changes to financial estimates by us or by any securities analysts who might cover our stock;
- additions or departures of our key personnel;
- government regulation of our industry;
- our quarterly operating and financial results; or
- litigation or public concern about the safety of our products.

The realization of any of these risks and other factors beyond our control could cause the market price of our common stock to decline significantly. In particular, the market price of our common stock may be influenced by variations in oil and gas prices, because demand for our products and services is closely related to those products.

The stock market in general experiences from time to time extreme price and volume fluctuations. Periodic and/or continuous market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Price volatility may be worse if the trading volume of our common stock is low.

Future sales of our common stock, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well.

As of June 23, 2014, we had 48,041,563 shares of our common stock outstanding, and options that are exercisable into 1,010,818 shares of our common stock. If any significant number of our outstanding shares are sold, such sales could have a depressive effect on the market price of our stock. We are unable to predict the effect, if any, that the sale of shares, or the availability of shares for future sale, will have on the market price of the shares prevailing from time to time. Sales of substantial amounts of shares in the public market, or the perception that such sales could occur, could depress prevailing market prices for the shares. Such sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price, which we deem appropriate.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting.

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses in those internal controls.

In our Annual Report on Form 10-K for the year ended March 31, 2013, we reported that we had the following material weakness in our internal controls: (1) lack of a functioning Audit Committee and lack of independent directors on our Board of Directors (the "Board"), resulting in potentially ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; (3) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes. Since March 31, 2013, we developed and implemented a remediation plan to address the identified material weakness as follows:

1. We have added four independent directors to our Board and on the 7th day of November, 2013, the Board passed a resolution creating a fully functioning Audit Committee comprised of independent directors;

2. We hired a separate accounts payable and accounts receivable clerks in an effort to provide segregation of duties in accordance with our control objectives;

3. We implemented several policies to increase the control over accounting and financial reporting; and,

4. We hired additional employees to supplement our internal finance team and help oversee the filing of quarterly and year-end filings.

Although we believe that these efforts have strengthened our internal control over financial reporting and address the concern that gave rise to the material weakness as of March 31, 2013, we cannot be certain that our revised internal control practices will ensure that we maintain adequate internal control over our financial reporting in future periods. Any failure to maintain such internal controls could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and The NASDAQ Capital Market, we could face severe consequences from those authorities. In either case, there could result a material adverse effect on our business. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We could issue "blank check" preferred stock without stockholder approval with the effect of diluting existing stockholders and impairing their voting rights, and provisions in our charter documents and under Nevada corporate law could discourage a takeover that stockholders may consider favorable.

Our articles of incorporation authorize the issuance of up to 10,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board. Our Board is empowered, without stockholder approval, to authorize the issuance of a series of preferred stock with dividend, liquidation, conversion, voting or other rights which could dilute the interest of, or impair the voting power of, our common stockholders. The issuance of a series of preferred stock could be used as a method of discouraging, delaying or preventing a change in control. For example, it would be possible for the Board to authorize preferred stock with voting or other rights or preferences that could impede the success of any attempt to effect a change in control of our company.

Any aspect of the foregoing, alone or together, could delay or prevent unsolicited takeovers and changes in control or changes in our management

We do not anticipate paying cash dividends for the foreseeable future, and therefore investors should not buy our stock if they wish to receive cash dividends. Investors in this offering may never obtain a return on their investment.

We have never declared or paid any cash dividends or distributions on our common stock. We currently intend to retain our future earnings to support operations and to finance expansion and, therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any payment of cash dividends in the future will be dependent on the amount of funds legally available, our earnings, financial condition, capital requirements and other factors that our Board may deem relevant. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock. Accordingly, you will need to rely on sales of your common stock after price appreciation, which may never occur, in order to realize a return on your investment.

Our management has a substantial ownership interest in our common stock and the availability of our common stock to the investing public may be limited.

Upon completion of this offering, our management will own approximately 61.2% of our outstanding common stock, or approximately 58.5% of our common stock if the underwriters exercise their over-allotment option in full. The availability of our common stock to the investing public may be limited to those shares not held by our executive officers, directors and their affiliates, which could negatively impact our trading prices and affect the ability of our minority stockholders to sell their shares. Future sales by executive officers, directors and their affiliates of all or a portion of their shares could also negatively affect the trading price of our common stock.

Our management has significant influence over matters requiring shareholder approval.

Our management owns, approximately 71.9% of our common stock, as of June 23, 2014. As a result, our management has sufficient voting power to control the outcome of many matters requiring shareholder approval. These matters may include:

- the composition of our Board, which has the authority to direct our business, appoint and remove our officers, and declare dividends;
- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our articles of incorporation and bylaws.

This concentration of ownership of our common stock could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our common stock that might otherwise give our other stockholders the opportunity to realize a premium over the then-prevailing market price of our common stock. This concentration of ownership may also adversely affect our share price. The interests of our management may differ from the interests of our other stockholders.

Furthermore, this concentration of ownership may delay, prevent or deter a change in control, or deprive you of a possible premium for your common stock as part of a sale of our company**.**

Since we have broad discretion in how we use the proceeds from this offering, we may use the proceeds in ways with which you disagree.

Our management will have significant flexibility in applying the net proceeds of this offering. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, prospects, financial condition, operating results and cash flow.

You will experience immediate dilution in the book value per share of the common stock you purchase.

Because the public offering price per share of common stock is expected to be substantially higher than the book value per share of our common stock, you will suffer substantial dilution in the net tangible book value of the common stock you purchase in this offering. Based on the public offering price of $ per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of approximately $ per share in the net tangible book value of the common stock you acquire.

We may not be able to maintain compliance with The NASDAQ Capital Market's continued listing requirements.

Our common stock is listed on The NASDAQ Capital Market. There are a number of continued listing requirements that we must satisfy in order to maintain our listing on The NASDAQ Capital Market. If we fail to maintain compliance with all applicable continued listing requirements for The NASDAQ Capital Market and NASDAQ determines to delist our common stock, the delisting could adversely affect the market liquidity of our common stock, our ability to obtain financing to repay any debt and fund our operations.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are based on management's beliefs and assumptions and on information currently available to management. For this purpose any statement contained in this prospectus that is not a statement of historical fact may be deemed to be forward-looking, including, but not limited to, statements relating to our future actions, intentions, plans, strategies, objectives, results of operations, cash flows and the adequacy of or need to seek additional capital resources and liquidity. Without limiting the foregoing, words such as "may", "should", "expect", "project", "plan", "anticipate", "believe", "estimate", "intend", "budget", "forecast", "predict", "potential", "continue", "should", "could", "will" or comparable terminology or the negative of such terms are intended to identify forward-looking statements, however, the absence of these words does not necessarily mean that a statement is not forward-looking. These statements by their nature involve known and unknown risks and uncertainties and other factors that may cause actual results and outcomes to differ materially depending on a variety of factors, many of which are not within our control. Such factors include, but are not limited to, economic conditions generally and in the industry in which we and our customers participate; competition within our industry; legislative requirements or changes which could render our products or services less competitive or obsolete; the international geopolitical atmosphere, compliance with international laws and regulation, our failure to successfully develop new products and/or services or to anticipate current or prospective customers' needs; price increases; the protection of our intellectual property, employee limitations; or delays, reductions, or cancellations of contracts we have previously entered into; sufficiency of working capital, capital resources and liquidity, and other factors detailed herein and in our other filings with the Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Forward-looking statements are predictions and not guarantees of future performance or events. Forward-looking statements are based on current industry, financial and economic information which we have assessed but which by its nature is dynamic and subject to rapid and possibly abrupt changes. Our actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements and we hereby qualify all our forward-looking statements by these cautionary statements.

These forward-looking statements speak only as of their dates and should not be unduly relied upon. We undertake no obligation to amend this prospectus or revise publicly these forward-looking statements (other than pursuant to reporting obligations imposed on registrants pursuant to the Exchange Act) to reflect subsequent events or circumstances, whether as the result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of shares of our common stock by us in this offering will be approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. We expect to use the proceeds from this offering for expansion of our sales and service team to match the demand for our product in regions where recent legislation passed, requiring the use of our technology, and for other working capital purposes. We may also use a portion of the net proceeds to fund possible investments in, or acquisitions of, complementary businesses, solutions or technologies. We have no current agreements or commitments with respect to any investment or acquisition. In addition, the amount and timing of what we actually spend for these purposes may vary significantly and will depend on a number of factors, including our future revenue and cash generated by operations and the other factors described in "Risk Factors." Accordingly, our management will have discretion and flexibility in applying the net proceeds of this offering. Pending any uses, as described above, we intend to invest the net proceeds in high quality, investment grade, short-term fixed income instruments which include corporate, financial institution, federal agency or U.S. government obligations.

DIVIDEND POLICY

We have not declared a cash dividend on any class of common equity in the last two fiscal years. There are no restrictions on our ability to pay cash dividends, other than any state law that may be applicable. Under Nevada law, dividends may be paid to the extent that a corporation's assets exceed its liabilities and it is able to pay its debts as they become due in the usual course of business. We do not anticipate paying any dividends in the foreseeable future; we intend to retain the earnings that could be distributed, if any, for operations.

MARKET PRICE OF AND DIVIDENDS ON OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Market Price of Our Common Stock

From October 2008 to March 27, 2014, our common stock was quoted on the Over-the-Counter Bulletin Board ("OTCBB") and the OTC Markets OTCQB under the symbol "PFIE." Since March 27, 2014, our common stock has been quoted on The NASDAQ Capital Market under the symbol "PFIE".

The published high and low bid quotations for the periods before March 27, 2014 were furnished to us by OTC Markets Group, Inc. These quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

The table below sets forth the range of high and low bid information of our common stock as reported on the OTC Bulletin Board and OTCQB for the periods before March 27, 2014 and the range of high and low sales price of our common stock as reported on The NASDAQ Capital Market for the periods after March 27, 2014.

	BID PRICES	
	HIGH	LOW
Fiscal year ending March 31, 2015		
First Quarter (through June 23, 2014)	$ 5.89	$ 3.16
Fiscal year ending March 31, 2014		
Fourth Quarter	$ 4.10	$ 3.17
Third Quarter	4.13	2.21
Second Quarter	2.70	1.26
First Quarter	1.61	1.15
Fiscal year ended March 31, 2013		
Fourth Quarter	$ 1.42	$ 1.05
Third Quarter	1.40	1.02
Second Quarter	1.40	0.77
First Quarter	1.55	0.77
Fiscal year ended March 31, 2012		
Fourth Quarter	$ 1.75	$ 0.67
Third Quarter	0.95	0.30
Second Quarter	0.80	0.28
First Quarter	1.11	0.275

As of June 23, 2014, there were 48,041,563 shares of our common stock outstanding. According to the records of our stock transfer agent, as of June 23, 2014 we had 100 stockholders of record. The number of record stockholders was determined from the records of our stock transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, registered clearing houses or agencies, banks or other fiduciaries.

CAPITALIZATION

The following table sets forth our cash and cash equivalents, and capitalization as of December 31, 2013:

- on an actual basis; and
- on an as adjusted basis to give effect to the issuance and sale by us of shares in this offering at an assumed public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2013	
	Actual	As Adjusted
	(unaudited)	
Cash and cash equivalents	$ 5,732,530	
Stockholders' equity		
Preferred shares, $0.001 par value		
10,000,000 shares authorized; no shares issued and outstanding, actual and shares issued and outstanding as adjusted	---	
Common Stock, $0.001 par value		
100,000,000 shares authorized; 47,836,428 shares issued and outstanding actual; and shares issued and outstanding as adjusted	47,837	
Additional paid-in capital	5,912,516	
Accumulated other comprehensive income/(loss)	(7,351)	
Total Stockholders' Equity	20,283,037	

The outstanding share information in the table above is based on 47,836,428 shares outstanding as of December 31, 2013, and excludes:

- 2,803,715 shares of common stock issuable upon exercise of options outstanding as of December 31, 2013 at a weighted average exercise price of $1.24 per share; and
- 1,097,000 shares of common stock reserved for further issuance under the 2010 Plan.

Unless otherwise indicated, all information in this prospectus assumes:

- the underwriters will not exercise their over-allotment option to purchase up to 900,000 additional shares of common stock from the selling stockholders.

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

The following discussion should be read in conjunction with our consolidated financial statements, the related notes and other financial information appearing elsewhere in this prospectus.

Some of the statements set forth in this section are forward-looking statements relating to our future results of operations. Our actual results may vary from the results anticipated by these statements. Please see "Disclosure Regarding Forward-Looking Statements" on page 15.

Results of Operations for the Three Months Ended December 31, 2013 Compared to the Three Months Ended December 31, 2012

Total Revenues

Total revenues during the quarter ended December 31, 2013 increased $5,989,776, or 169%, compared to the quarter ended December 31, 2012. This increase was principally attributable to increased sales of goods, net.

Sales of Goods, Net

We realized an increase of $5,822,443, or 183%, in sales of goods, net during the quarter ended December 31, 2013 compared to the quarter ended December 31, 2012. This increase was primarily due to improved sales execution, the continued development of the U.S. market, the leveraging of now-effective sales people hired in previous quarters, and improved management of the sales team. There have been an increased number of sales through larger customers, which yielded higher revenues during the quarter. We expect that our quarterly revenues will continue to grow year-over-year at approximately historical rates, as our sales team continues to execute on our sales strategy.

Sales of Services, Net

During the three months ended December 31, 2013, we realized an increase of $167,333 or 46%, in sales of services, net. We are beginning to experience increasing service revenues as a result of our continued expansion in the U.S. We anticipate service revenues in our Utah and Texas offices will continue to expand in upcoming quarters. As the sales team proactively looks for equipment sales the opportunity to discuss services, related sales is expected to increase.

Total Cost of Goods Sold

As a percentage of total revenues, total cost of goods sold increased to 45% during the quarter ended December 31, 2013, compared to 39% during the quarter ended December 31, 2012. This increase is due to an increase in Cost of Goods Sold-Products.

Cost of Goods Sold-Products

During the quarter ended December 31, 2013, cost of goods sold-products increased $2,843,036 or 271%, compared to the quarter ended December 31, 2012 as a result of increased sales, and a change in the mix of products sold during the quarter. As a percentage of revenues from product sales, cost of goods sold-products increased from 33% to 43%. This proportional increase is mostly due to a rise in the proportion of sales of lower-margin products (such as component sales) compared to the prior year. Additionally, there was a minor modification in the allocation of overhead costs to cost of goods sold-products. However, the proportion of revenues from product sales represented by cost of goods sold-products for the period is approximately consistent with more recent levels of cost of goods sold-products, or about 40%.

Cost of Goods Sold-Services

Cost of goods sold-services increased $105,152, or 34%, during the quarter ended December 31, 2013 compared to the quarter ended December 31, 2012. As a percentage of service revenues, cost of goods sold-service decreased from 86% to 79%. This decrease was attributable, in part, to logistical efficiencies, derived from serving a larger customer base throughout our service regions (and the installation of personnel in those areas, reducing logistical costs).

Gross Profit

Because the percentage increase in total costs exceeded the percentage-increase in total revenues, gross profit decreased to 55% of total revenues during the quarter ended December 31, 2013 compared to 61% during the quarter ended December 31, 2012.

Total Operating Expenses

Our total operating expenses increased $504,315, or 19%, during the three months ended December 31, 2013 compared to the three months ended December 31, 2012. As a percentage of total revenues, total operating expenses decreased from 75% to 33%. This decrease was largely attributable to a reduction in payroll expenses, general and administrative expenses, and depreciation expenses as a percentage of revenues.

General and Administrative Expenses

During the three months ended December 31, 2013, general and administrative expenses increased by $638,235, or 48%. As a percentage of total operating expense, general and administrative expenses increased from 51% to 63%. This increase was largely due to non-cash stock options expenses for employees and directors.

Research and Development

During the quarter ended December 31, 2013, research and development expenses were $139,691 compared to $38,472 during the quarter ended December 31, 2012, an increase of 263%. As a percentage of total operating expense, research and development expenses increased from 1% to 4%. We have increased our focus on research and development in order to improve our current products, as well as research the possibility of additional products that could enhance our current product-offering.

Payroll Expenses

We experienced a $197,146, or 17% decrease in payroll expenses in the quarter ended December 31, 2013 compared to quarter ended December 31, 2012. As a percentage of total operating expenses, payroll expenses decreased from 43% to 30%. This decrease was the result of the timing of management bonuses that were paid in the quarter ended December 31, 2012, but were not yet paid as of December 31, 2013.

Depreciation Expense

Depreciation expense decreased $37,993 or 33%, during the quarter ended December 31, 2013 compared to the quarter ended December 31, 2012. As a percentage of total operating expenses, depreciation decreased from 4% to 3%. This decrease in depreciation expense is primarily due to assets meeting their expected lives in our Canada office and to the allocation of depreciation to costs of goods sold.

Total Other Income (Expense)

During the three months ended December 31, 2013, we realized total other income of $1,855 compared to total other income of $8,581 for the three months ended December 31, 2012. During the quarters ended December 31, 2013, we realized interest expense of $0, interest income of $1,544 and rental income of $311. By comparison, during the quarter ended December 31, 2012, we realized interest expense of ($4,493), interest income of $13,074, and rental income of $0.

Net Income Before Income Taxes

The 169% increase we realized in total revenues, the 216% increase in total cost of goods sold and the 19% increase in total operating expenses combined to result in net income before income taxes during the quarter ended December 31, 2013 of $2,076,931 compared to net loss before income taxes of $453,616 during the quarter ended December 31, 2012—an increase of $2,530,547. As a percentage of total revenues, net income before income taxes represented 22% of total revenues, compared to (13%) during the prior year comparable quarter.

Income Tax Expense

We recognized income tax expense of $870,625 during the three months ended December 31, 2013 compared to a benefit of $127,347 during the three months ended December 31, 2012. As a percentage of net income, before income taxes, income tax expense rose from 28% to 42%, which greatly exceeds the Company's historical blended tax rate of about 34%. This proportional increase is largely due to the stock option expenses realized in the quarter, which are not tax-deductible, and resulted in a higher tax-expense that will largely be non-recurring. Additionally, the Company realized a higher proportion of sales in the US market, which has a higher tax rate.

Foreign Currency Translation Gain (Loss)

Our consolidated financial statements are presented in U.S. dollars. Our functional currencies are the United States dollar and the Canadian dollar. Transactions initiated in other currencies are translated to U.S. dollars using year-end exchange rates for the balance sheet and weighted average exchange rates for the statements of operations. Equity transactions were translated using historical rates. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Statement of Operations and Other Comprehensive Income (Loss).

Therefore, the translation adjustment in our consolidated financial statements represents the translation differences from translation of our financial statements. As a result, the translation adjustment is commonly, but not always, positive if the average exchange rates are lower than exchange rates on the date of the financial statements and negative if the average exchange rates are higher than exchange rates on the date of the financial statements.

During the quarter ended December 31, 2013, we recognized a foreign currency translation loss of $178,593. By comparison, during the quarter ended December 31, 2012 we recognized a foreign currency translation loss of $449,470. These losses were the result of the strengthening of the U.S. dollar against the Canadian dollar.

Total Comprehensive Income

For the foregoing reasons, we realized a total comprehensive income of $1,027,713 during the quarter ended December 31, 2013 compared to total comprehensive loss of $775,739 during the quarter ended December 31, 2012.

Results of Operations for the Nine Months Ended December 31, 2013 Compared to the Nine Months Ended December 31, 2012

Total Revenues

Total revenues during the nine months ended December 31, 2013 increased $14,456,946, or 125%, compared to the nine months ended December 31, 2012. This increase was principally attributable to increased sales of goods, net.

Sales of Goods, Net

We realized an increase of $14,053,507, or 131%, in sales of goods, net during the nine months ended December 31, 2013 compared to the nine months ended December 31, 2012. This increase was primarily due to improved sales execution, the leveraging of now-effective sales people hired in previous quarters, and improved management of the sales team. There have been an increased number of sales through larger customers, which yielded higher revenues during the quarter. We expect that our revenues will continue to grow year-over-year at approximately historical rates, as our sales team continues to execute on our sales strategy.

Sales of Services, Net

During the nine months ended December 31, 2013, we realized an increase of $403,439 or 46%, in sales of services, net. We are beginning to experience increasing service revenues as a result of our continued expansion in the U.S. We anticipate service revenues in our Utah and Texas offices will continue to expand in upcoming quarters. As the sales team proactively looks for equipment sales the opportunity to discuss services related sales is expected to increase.

Total Cost of Goods Sold

As a percentage of total revenues, total cost of goods sold remained at 43% during the nine months ended December 31, 2013. This constancy is due to the similar product mix sold throughout the nine months, although the product mix between individual quarters varied.

Cost of Goods Sold-Products

During the nine months ended December 31, 2013, cost of goods sold-products increased $5,840,085 or 135%, compared to the nine months ended December 31, 2012 as a result of increased sales. As a percentage of revenues from product sales, cost of goods sold-products increased slightly from 40% to 41%. We anticipate that, as a percentage of revenues from product sales, future cost of goods sold-product will continue to approximate historical levels, or about 40%.

Cost of Goods Sold-Services

Cost of goods sold-services increased $221,567, or 32%, during the nine months ended December 31, 2013 compared to the nine months ended December 31, 2012. As a percentage of service revenues, cost of goods sold-service decreased from 80% to 72%. This decrease was attributable, in part, to logistical efficiencies, derived from serving a larger customer base throughout our service regions.

Gross Profit

Because the percentage increase in total revenue approximately matched the percentage-increase in cost of goods sold, gross profit remained at approximately 57% of total revenues during the nine months ended December 31, 2013 (compared to 55% during the nine months ended December 31, 2012).

Total Operating Expenses

Our total operating expenses increased $2,027,677, or 38%, during the nine months ended December 31, 2013 compared to the nine months ended December 31, 2012. As a percentage of total revenues, total operating expenses decreased from 46% to 28%. This decrease was largely attributable to a reduction in general and administrative expenses, payroll expenses, and depreciation expenses as a percentage of revenues.

General and Administrative Expenses

During the nine months ended December 31, 2013, general and administrative expenses increased by $940,558, or 30%. This increase was largely due to non-cash stock options expenses for employees and directors in our third fiscal quarter. As a percentage of total operating expenses, general and administrative expenses decreased from 59% to 55%. This decrease was due to payroll expenses constituting a higher percentage of operating expenses.

Research and Development

During the nine months ended December 31, 2013, research and development expenses were $390,710 compared to $148,865 during the nine months ended December 31, 2012. As a percentage of total operating expenses, research and development expense has increased from 3% to 5%, as we have increased our focus on research and development in order to improve our current products, as well as research the possibility of additional products that could enhance our current product-offering.

Payroll Expenses

We experienced an $867,268, or 47% increase in payroll expenses in the nine months ended December 31, 2013 compared to nine months ended December 31, 2012. As a percentage of total operating expenses, payroll expense increased from 34% to 37%. This increase was primarily the result of increased hiring, particularly in our Utah and Texas offices during the past fiscal year, as well as reallocation of some expenses to the payroll expense account. We anticipate that, as a percentage of total revenues, future payroll expense will remain at approximately 11%.

Depreciation Expense

Depreciation expense decreased $37,993, or 33%, during the quarter ended December 31, 2013 compared to the quarter ended December 31, 2012. As a percentage of total operating expenses, depreciation decreased from 4% to 3%. This decrease in depreciation expense is primarily due to assets meeting their expected lives in our Canada office and a portion of depreciation expense being allocated to costs of goods sold.

Total Other Income (Expense)

During the three months ended December 31, 2013, we realized total other income of $1,855 compared to total other income of $8,581 for the three months ended December 31, 2012. During the quarter ended December 31, 2013, we realized interest expense of $0, interest income of $1,544 and rental income of $311. By comparison, during the quarter ended December 31, 2012, we realized interest expense of ($4,493), interest income of $13,074, and rental income of $0.

Net Income Before Income Taxes

The 125% increase we realized in total revenues, the 121% increase in total cost of goods sold and the 38% increase in total operating expenses combined to result in net income before income taxes during the nine months ended December 31, 2013 of $7,584,678, compared to net income before income taxes of $1,221,818 during the nine months ended December 31, 2012. As a percentage of total revenues, net income before income taxes represented 29% of total revenues, compared to 11% during the prior year comparable quarter.

Income Tax Expense

We recognized income tax expense of $2,714,839 during the nine months ended December 31, 2013 compared to $337,222 during the nine months ended December 31, 2012. As a percentage of net income before income taxes, income tax expense rose 9% (from 28% to 36%). This proportional increase is largely due to the stock option expenses realized in the third fiscal quarter, which are not tax-deductible, and resulted in a higher tax-expense for that quarter that will largely be non-recurring. Additionally, the Company realized a higher proportion of sales in the U.S. market, which has a higher tax rate.

Foreign Currency Translation Gain (Loss)

Our consolidated financial statements are presented in U.S. dollars. Our functional currencies are the United States dollar and the Canadian dollar. Transactions initiated in other currencies are translated to U.S. dollars using year-end exchange rates for the balance sheet and weighted average exchange rates for the statements of operations. Equity transactions were translated using historical rates. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Statement of Operations and Other Comprehensive Income (Loss).

Therefore, the translation adjustment in our consolidated financial statements represents the translation differences from translation of our financial statements. As a result, the translation adjustment is commonly, but not always, positive if the average exchange rates are lower than exchange rates on the date of the financial statements and negative if the average exchange rates are higher than exchange rates on the date of the financial statements.

During the nine months ended December 31, 2013, we recognized a foreign currency translation loss of $378,817. By comparison, during the nine months ended December 31, 2012 we recognized a foreign currency translation loss of $229,852. The losses were the result of the strengthening of the U.S. dollar against the Canadian dollar.

Total Comprehensive Income

For the foregoing reasons, we realized a total comprehensive income of $4,491,022 during the nine months ended December 31, 2013 compared to total comprehensive income of $654,744 during the nine months ended December 31, 2012.

Results of Operations for the Year Ended March 31, 2013 compared to the Year Ended March 31, 2012

Total Revenues

Our total revenues during the year ended March 31, 2013 increased 6% to $16,887,267 from $15,925,213 during the year ended March 31, 2012. The strong rebound in oil prices resulted in improved sales and increased production activity in oil and gas and continued through our entire fiscal year. We have worked to expand our operations by adding or expanding multiple facilities in the United States. During fiscal 2013, sales of goods increased 6% and service revenue increased 9%. During each of the fiscal years ended March 31, 2013 and 2012, product sales accounted for 93% of total revenues and service sales accounted for 7% of total revenue. As we continue to focus on the development of new products and expand sales of our existing products, we anticipate product sales will continue to account for the significant majority of our revenue.

During the fiscal year ended March 31, 2013, 65% of total revenues were generated from products and services sold in Canada. The remaining 35% of total revenue was generated from sales in the United States. By comparison, during the fiscal year ended March 31, 2012, 95% of our total revenues were generated from Canadian sales and the remaining 5% was generated from sales in the United States. As we continue our efforts to expand into U.S. markets, we anticipate the percentage of revenues from sales in the United States will continue to increase as a percentage of total revenues.

Cost of Goods Sold

Cost of goods sold during the year ended March 31, 2013 was $7,034,703 for product sales and $1,043,294 for services for a total cost of goods sold of $8,077,997 compared to $6,170,073 for product sales and $717,796 for services for a total cost of goods sold of $6,887,869 during the fiscal year ended March 31, 2012. While total revenue increased 6%, cost of goods sold increased by 17%. Our gross profit for 2013 was 52% of total revenues compared to 57% during fiscal 2012. Margins decreased slightly as cost of goods sold increased due to higher material costs during fiscal 2013. Cost of goods sold will vary as a function of our product mix, as our proprietary products tend to have significantly higher margins than our resale products.

General and Administrative Expenses

General and administrative expenses for the fiscal year ended March 31, 2013 were $3,798,075, a 38% increase compared to the fiscal year ended March 31, 2012. General and administrative expenses were 22% of total revenues in fiscal 2013 compared to 17% of total revenues in fiscal 2012. The increase can be attributed to the general increase in operational activity and the expansion into the U.S. market. We have made significant investment in our staff and its growth to expand markets as well as develop products. Along with this growth is a sharpened focus on training clients and suppliers on combustion control and management. We have retained additional support staff to manage this growth such as sales management, IT, operational management, quality control and shipping staff. In addition, we also realized increases in several major components of general and administrative expense including professional fees of $903,184, research and development of $315,045 and stock option expense of $166,187 during fiscal 2013. By comparison, during fiscal 2012, we realized professional fees of $584,660, research and development of $164,000 and stock option expense of $80,530. Professional fees include legal and accounting costs related to our public filings and investor relations fees. Legal and accounting costs incurred during fiscal 2013 related to our public filings remained fairly constant. Stock options granted to employees in 2011 and 2013 are amortized over the expected term of five years. Accordingly, we anticipate a similar expense in fiscal 2014. As we continue to expand, we anticipate general and administrative expenses will also continue to grow in proportion.

Payroll Expense

Payroll expense during the fiscal year ended March 31, 2013 increased 51% to $2,656,762 compared to $1,757,855 during the fiscal year ended March 31, 2012. Payroll expense increased as a result of hiring additional personnel, including a corporate controller, engineers and multiple sales people, in anticipation of expansion and growth in sales and the additional development of several contemplated technologies, including the next generation of our burner management technology. During fiscal 2013, we increased our staff by approximately 50%. Payroll expense was 16% of total revenues in fiscal 2013 compared to 11% in fiscal 2012. Included in payroll expense were executive management bonuses of $339,700 and $341,125 during 2013 and 2012, respectively. Management bonuses were determined subjectively as a reward for their efforts in our success. We anticipate future management bonuses may similarly be subjectively awarded according to the company's performance and the amounts may vary, based upon the determination of the Board, or our Compensation Committee. We expect payroll expense will increase in the upcoming fiscal year as we continue efforts to expand our sales force and associated support and logistical personnel in the U.S. market.

Depreciation Expense

Depreciation expense, not related to cost of sales, during fiscal 2013 was $195,070, or 22% higher than fiscal 2012. Depreciation expense increased in 2013 primarily due to the addition of the Houston, Texas location as we expanded our capacity. We do not anticipate major asset acquisitions during fiscal 2014 which would lead to significantly increased depreciation expense.

Total Other Expense

During the fiscal year ended March 31, 2013, total other income/expense changed by 126% to an income of $4,197 from an expense of $16,395 as a result of decreased interest expense and increased interest income during the year. While we anticipate interest expense will continue to decrease, we do not expect to realize rental or significant interest income in upcoming quarters. We do not expect total other expense to increase significantly in upcoming fiscal quarters.

Net Income Before Income Tax

Net income before income taxes during the 2013 fiscal year decreased to $2,163,560 from $4,351,222 during fiscal 2012. This 50% decrease was primarily the result of the 3% decrease in gross profit and the 42% increase in total operating expense as discussed above.

Income Tax Expense

Income tax expense decreased 37% from $1,163,451 during fiscal 2012 to $730,905 during fiscal 2013. We expect the tax rate to be close to the statutory rate in subsequent years. We anticipate that as revenues grow, our income tax expense will also be higher. We have exhausted our tax credits associated with the Canadian small business deductions from prior years, thus we expect taxes as a percentage of revenue to be higher than in prior periods in which we made a profit. As revenue and profits from U.S. operations expand we expect our income tax expense obligations in the U.S. will increase accordingly.

Foreign Currency Translation Gain (Loss)

Our consolidated financial statements are presented in U.S. dollars. Our functional currency is Canadian dollars. Our financial statements were translated to U.S. dollars using year-end exchange rates for the balance sheet and weighted average exchange rates for the statements of operations. Equity transactions were translated using historical rates. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the statement of operations and comprehensive income.

Therefore, the translation adjustment in our consolidated financial statements represents the translation differences from translation of our financial statements. As a result, the translation adjustment is commonly, but not always, positive if the average exchange rates are lower than exchange rates on the date of the financial statements and negative if the average exchange rates are higher than exchange rates on the date of the financial statements.

During the year ended March 31, 2013, we recognized a foreign currency translation loss of $121,664 compared to foreign currency translation loss of $147,061 during the year ended March 31, 2012. This loss was the result of a weakening of the Canadian dollar versus the U.S. dollar in the reporting period.

Total Comprehensive Income

For the foregoing reasons, we realized a total comprehensive income of $1,319,429 during the fiscal year ended March 31, 2013, compared to total comprehensive income of $3,038,265 during the fiscal year ended March 31, 2012.

Earnings Per Share

For the fiscal year ended March 31, 2013 we realized $0.03 per share on a basic and on a fully diluted basis compared to $0.07 per share on a basic and on a fully diluted basis for the fiscal year ended March 31, 2012.

Liquidity and Capital Resources

In November of 2013, we raised approximately $4.7 million from a private placement of 2,172,405 shares of our common stock. We received net proceeds of approximately $4.2 million from the private placement after paying placement agent fees and offering expenses, which net proceeds we have been using to fund our growth objectives and for working capital purposes.

As of December 31, 2013 we had total current assets of $21,223,771 and total assets of $23,767,322 including cash and cash equivalents of $5,732,530. At December 31, 2013 total liabilities were $3,250,069, all of which were current liabilities. During the nine months ended December 31, 2013 cash was primarily used to fund operations. See below for additional discussion and analysis of cash flow.

	For the Nine Months Ended December 31,	
	2013	2012
Net cash provided by operating activities	$ 1,253,675	$ 308,915
Net cash used in investing activities	(620,147)	(474,381)
Net cash provided by financing activities	4,451,487	-
Effect of exchange rate on cash	(161,257)	264,802
Net increase in cash	$ 4,923,758	$ (430,268)

Net cash provided by our operating activities was $1,253,675. As discussed above, during the nine months ended December 31, 2013, we realized an increase in net income which is primarily the result of selling to an increasing number of larger customers. Such sales require a lag between the large cash investment to fulfill and ship orders to these larger customers, and the receipt of cash from these customers. While continued sales growth is expected to yield increasingly higher nominal levels of cash, we expect the cash discrepancy to grow during periods of significant sales growth, and normalize during periods of steady revenues. This discrepancy has been addressed—in part—by the Company's November 2013 financing to provide working capital, and can also be addressed by improved sales- and operations-planning (such as reducing large orders to multiple smaller orders, over time, when possible).

During the nine months ended December 31, 2013, net cash used in investing activities was ($620,147) compared to ($474,381) in the nine months ended December 31, 2012.

During the nine months ended December 31, 2013, net cash provided by financing activities was $4,451,487, compared to $0 in the nine months ended December 31, 2012.

We expect to use the proceeds from this offering for expansion of our sales and service team, and for other working capital purposes. We may also use a portion of the net proceeds to fund possible investments in, or acquisitions of, complementary businesses, solutions or technologies. The amounts that we actually expend for working capital purposes will vary significantly depending on a number of factors, including future revenue growth, if any, and the amount of cash that we generate from operations.

In the ordinary course of our business, we enter into contractual commitments related to the design, manufacture and commercialization of our products. As of December 31, 2013, none of our contractual commitments are reasonably likely to have an adverse effect on liquidity.

Although we can provide no assurances, we believe that our cash on hand, the proceeds from this offering and cash generated from our operations will provide sufficient liquidity and capital resources to fund our existing operations, working capital needs and capital expenditure requirements for at least the next twelve months.

Summary of Material Contractual Commitments

The following table lists our significant commitments as of December 31, 2013.

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Commitments					
Office lease - Park Row	$ 112,100	$ 21,000	$ 91,100	$ -	$ -
Total	$ 112,100	$ 21,000	$ 91,100	$ -	$ -

Inflation

We believe that inflation has not had a significant impact on our operations since inception.

Off-Balance Sheet Arrangements

As of December 31, 2013, we had no off-balance sheet arrangements.

Recently Issued Financial Accounting Standards

We have evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on our financial position, results of operations or cash flows.

BUSINESS

Overview

We were originally incorporated in the State of Nevada on May 5, 2003. Since October 2008 we have been engaged in the business of developing combustion management technologies for the oil and gas industry.

Consistent with our historical objectives, we intend to continue the expansion of our sales and services to the oil and gas industry, and we intend to improve the industry's burner management technologies.

We plan to accelerate the growth of our sales staff to help meet potential demand, particularly due to recent legislation in the United States. We believe that hiring qualified sales personnel will allow us to continue to grow as the demand for our product continues to increase. With the addition of sales personnel we plan to expand into other territories within the United States and offer Profire products and services to a growing number of customers. In particular we are looking to expand our operations heavily in the states of Colorado and North Dakota where we believe legislative and business drivers, respectively, may provide for increasing sales. We intend to use certain of the additional sales personnel to help establish international sales and distribution channels.

In order to support our expanding sales staff, we plan to add to our service team throughout the United States. We currently have service personnel located in Colorado, North Dakota, Texas, Pennsylvania, and Utah. With recent legislation in Colorado we see the need to accelerate the growth of our service staff there and will strategically add to other locations as opportunities arise.

In addition to adding sales personnel, we remain dedicated to providing top-quality and innovative products. We plan to add personnel to our current research and development team. We are looking to extend our product line by developing new burner management systems with updated capabilities to match market demand. We also plan to use our research and development resources to extend our brand by performing research and developing valve technologies that complement our current products.

Principal Products and Services

We design, assemble, install, service, and sell oilfield combustion management technologies and related products such as fuel train components, secondary airplates, and valve actuators. Our products and services aid oil and natural gas producers in the safe and efficient transportation, refinement, and production of oil and natural gas. Our primary products are burner management systems, as described below.

In the oil and natural gas industry there are numerous demands for heat generation and control. Oilfield vessels of all kinds, including line-heaters, dehydrators, separators, treaters, amine reboilers, and free-water knockout systems, require sources of heat to satisfy their various functions, which heat is provided by a burner flame inside the vessel. A burner flame is integral to the proper function of the oilfield vessel because the vessels use the flame's heat to help separate, store, transport and purify oil and gas (or even water). The viscosity of the oil and gas is critical to a number of oilfield processes, and is directly affected by the heat provided by the burner flame inside the vessel.

Our products help monitor and manage this burner flame, reducing the need for employee interaction with the burner, such as for re-ignition or temperature monitoring. As a result, oil and gas producers achieve greater operational efficiencies, increased safety, and improved compliance. We believe there is a growing trend in the oil and gas industry toward process automation, and burner management automation fits squarely within this trend. Also, there is an increasing need for skilled combustion technicians. In addition to selling products, we train and dispatch combustion technicians to address this industry need in both Canada and throughout the continental United States.

Before we began designing and selling burner management products, our primary focus was on providing installation and maintenance services for the products and systems of other manufacturers. After providing installation and maintenance services for several years, we decided to pursue the development of burner management technologies for the oil and gas industry, and we began work on a proprietary burner management system to monitor and manage the burner flames used in oilfield vessels. Our principal objectives in developing our proprietary burner management system were to:

- provide a safe, efficient and code-compliant method to monitor and/or manage burner flames in the industry; and
- ensure the system could be easily controlled by oilfield operators.

With these objectives in mind, we initially developed the PF1100 burner management system in 2005. During our fourth fiscal quarter 2011, we introduced the PF2100 burner management system. The PF2100 offered increased expandability, remote access and data logging features compared to the PF1100 model. The PF2100 system has proven more versatile and capable than the PF1100, and allows the end-user to more easily manage a wider variety of combustion vessels. It also complies with CSA and UL ratings. While we still support our PF1100 system, we no longer manufacture or sell it.

During our second fiscal quarter 2013, we released the PF1300. The PF1300 is a new flare-ignition system that provides fundamental ignition capabilities for combustor and open-flare vessels, and can relay flame-status.

In May 2013, we expanded our product line, announcing the PF1800. The PF1800 is a mid-range burner management system option that provides fundamental burner management functionality, such as burner re-ignition and temperature management. As a simplified burner management system, we do not expect the PF1800 to become a flagship product but rather to fill a void in the industry's burner management needs. The PF1800 became available for sale in June 2013.

Our systems have become widely used in Western Canada, and well-received in the United States market, with sales to such companies as Chesapeake, Anadarko, Exxon-Mobil, Shell, ConocoPhillips, Devon Energy, Petro-Canada, Encana and others, often delivered by one of our distributors, such as Cameron. Our systems have also been sold and installed in other parts of the world, including France, Italy, England, Russia, the Middle East, Australia, China, and Brazil.

We believe our burner management systems and flare-ignition system offer certain advantages to other burner management systems on the market including that they:

- meet or exceed all current relevant codes and standards, while many competing products are not certified to industry codes;
- easily install with clearly marked component I/O;
- have easily accessible and removable terminal connections;
- rapidly shut down on flame-out;
- use DC voltage spark ignition;
- accommodate solar panel or thermoelectric generator applications with a low-power design;
- enable auto-relight or manual operation; and
- include transient protected fail-safe circuits.

In addition to the PF2100 and PF1800 burner management systems and our PF1300 flare-ignition system, we design other technologies and products for sale, including:

- specialized burner management systems intended for use in specific firetube vessels (e.g., incinerators);
- valve train products, including valves, valve actuators, gauges, and installation products; and
- miscellaneous componentry such as:
    - solar-power generation kits,
    - add-on cards to expand the functionality of a given system, and
    - a proprietary airplate that meters secondary airflow to the burner, allowing for more optimized combustion and reduced emissions.

In addition to offering product, we provide maintenance on the burners of vessels where our product is installed.

We continually assess market needs and look for opportunities to provide quality solutions to the oil and gas producing companies we serve. Upon identifying a potential market need, we begin researching the market and developing products that might have feasibility for future sale.

Principal Markets and Distribution Methods

Initially we focused our sales efforts primarily in Western Canada. Given our success in that market, we determined to expand our sales efforts to other markets, including the U.S. market. Pursuant to our development strategy, we purchased office and warehouse space in Lindon, Utah in 2010 and opened an office in Houston, Texas in 2012 to serve our current and potential clients in those regions. In 2013, we expanded our warehouse space in Texas. In 2014, we opened another warehouse facility in Texas to support our growing service team as well as a satellite sales office in Oklahoma and Pennsylvania. We realized an increase in our U.S. sales during the 2013 fiscal year, and attribute this increase to (1) increased sales people, (2) a growing network of sales contacts in the U.S., and (3) an increased ability to sell our products on economic merits, rather than regulatory pressures. We anticipate continued sales growth in both Canadian and U.S. markets, but expect the latter will grow more quickly than the former. We anticipate both markets will continue to present suitable demand for our products, although local environments, regulations, and needs will impact the product mixes that will prevail in individual markets.

Currently, we are looking to increase the scalability of our business model as we prepare to serve an expanding customer base with our growing product lines. Recurring revenue models, sales through distributors, and other high-scale strategies could play a more significant role in revenue generation as we seek new levels of market penetration, revenue and net income.

In addition to our existing network of authorized distributors, which distribute through North America and Brazil, we are developing or pursuing a number of additional distribution relationships in various countries, including Australia, Mexico and Russia. We believe that by maintaining strong relationships with our current customers, consistently delivering exceptional products, and pursuing highly scalable revenue strategies, we will see continued—and increased—growth in year-over-year revenues.

Competition

Based on our experience, we believe most of the other companies in our industry are either small-sized service companies or product retailers who sell products but have limited service department to support their products. In the U.S. market, we are beginning to see several companies that are marketing related and somewhat similar products. They include SureFire, Platinum, ACL and TitanLogix. These competitors are focused regionally and tend to focus on areas close to their headquarters. While we believe price is a significant component of competition within our industry, we believe the most important competitive factors are performance, quality, reliability, and durability. To that end, we have primarily sought to create high-quality innovative products, then sought to constrain costs without comprising those primary characteristics. We expect to continue to remain highly competitive in the industry.

We recognize that the oilfield services industry is highly competitive. As our segment within this industry grows and matures we expect additional companies will seek to enter this market. Many of these companies may be more highly capitalized, more experienced, more recognized or better situated to take advantage of market opportunities.

Sources and Availability of Raw Materials

We do not have contracts in place with the parties from whom we acquire the parts used to manufacture our products. We believe, however, there are adequate alternative sources for the parts needed to manufacture our products available to us should they be needed. In the past, we have not experienced any sudden or dramatic increase in the prices of the major parts or components for our systems. Because many of the component parts we use are relatively low-priced, we do not anticipate that a sudden or dramatic increase in the price (or decrease in supply) of any particular part would have a material adverse effect on our results of operations or financial condition even if we were unable to increase our sale prices proportionate to any particular price increase. If we experienced a significant increase in the cost of a significant number of the parts we use to build our systems, such could have a material adverse impact on our results of operations or financial condition until we are able to adjust our sales prices accordingly.

We contract with a third-party fabricator to manufacture our burner management and flare-ignition systems, specifically the PF2100, PF1800 and PF1300. This has helped to improve manufacturing efficiencies. Under the direction of our product engineers, the manufacturer is able to procure all electronic parts, specialty cases and components, and from those, assemble the complete system. Using specialty equipment and processes provided by us, the system is tested on-site by the manufacturer and if the finished product is acceptable, it is shipped to us for distribution. Orders to the manufacturer are typically made in increments of 500 to 1,000 systems. Shipments are usually limited to 250 systems, so that in the event any one shipment is lost or damaged, inventory levels are not seriously impacted. The entire process is typically completed within sixty days of receiving the purchase order. While we have a contract in place with this manufacturer, should we lose its services, for whatever reason, we believe we inventory sufficient product to meet our customers' needs in the event of short-term supply chain disruptions. We also believe we have adequate alternative manufacturing sources available, that while such a loss might result in a temporary short-term disruption, we do not anticipate such would result in a materially adverse impact in our ability to meet demand for our products or results of operations, financial condition and cash flows for a significant period of time. We periodically survey alternative manufacturing options to ensure that our current fabricator is competitive in price, manufacturing quality and fulfillment speed.

Dependence upon Major Customers

During the fiscal years ended March 31, 2013 and 2012, the following customers accounted for more than 10% of our total revenues:

	Year ended March 31,	
Customer	2013	2012
Grit Industries/A-Fire Holdings Ltd.	10%	16%
Heating Solutions International Inc.	12%	22%
Pride of the Hills	10%	2%
Guest Controls	5%	12%

The loss of any one or more of these major customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Patents, Trademarks and Other Intellectual Property

Although we believe that the success of our business depends more on the technical competence, creativity and marketing abilities of our employees than on any individual patent, trademark, or copyright, as part of our ongoing research, development and manufacturing activities, we have pursued the acquisition of intellectual property for a number of our products. We have filed several patent applications directed to various product innovations. Management will assess the strategic and financial value of each potential patent as the various intellectual properties are developed.

The provisional and/or nonprovisional applications we have filed thus far are intended to protect:

- a secondary airplate that can dynamically meter air with a unique shuttering mechanism;
- an improved coil housing and cover that help prevent arcing and protect the coil within the burner management system's enclosure;
- a mobile demonstration unit that safely stores and displays a functional burner management system for sales and demonstration purposes; and
- certain valve-related technologies.

Need for Governmental Approval of our Principal Products or Services

We are required to obtain certain safety certification/rating for our combustion management systems before they are released to the market. We have received the appropriate CSA and UL certifications for our burner management systems.

Effects of Existing or Probable Governmental Regulation on our Business

As government and industry continue to heighten safety standards, demand for combustion safety controllers and management systems, such as those we produce, continues to grow. The arena of mixing fire and gas is an area of focus for safety regulators. Regulation B149.3-10 of the CSA governs the safety precautions that must be met concerning the ignition of the pilot and the main burner in Canada. It allows a programmable control to be used, if the controller complies with certain certification requirements promulgated by the CSA.

Governing bodies have historically been reticent to establish standards that were too demanding, as safety products and policing capabilities were not readily available. More recently, however, regulators have begun enacting more stringent compliance, efficiency requirements, emission standards, and other standards that are potentially beneficial to our sales. We have always focused on providing products and services that exceed existing safety standards, therefore, we believe demand for our products will increase as regulators continue to tighten safety and efficiency standards in the industry. In addition to satisfying regulatory and safety requirements, we believe oil and gas companies are beginning to recognize the significant increases in efficiency, safety and emission control gains that can be realized through the use of our burner management systems and related products.

Although we believe our growth prospects to be strong in the existing regulatory environments, changes in the regulatory environment could materially impact our results of operations and financial condition. For example, we believe there could be an increase in our sales if the U.S. were to adopt regulations that required the industry to use burner management products. We believe that, historically, a significant portion of our Canadian sales have been attributable to such regulation in Canada, and we anticipate such regulatory pressures to continue in Canada. Similarly, if the regulatory environment were to become less stringent, we could experience a significant decline in the demand for our products, which we would expect would materially and adversely impact our results of operations and financial condition. As of the date of this prospectus we are not aware of any pending or anticipated major regulatory changes in the near future.

Research and Development

We place strong emphasis on product-oriented research and development relating to the development of new or improved products and systems. During the years ended March 31, 2013 and March 31, 2012 we spent $315,045 and $164,400, respectively, on research and development programs. None of these research and development costs were borne by our customers pursuant to customer-sponsored research activities relating to the development of new products, services or techniques or the improvement of existing products, services or techniques.

Cost and Effects of Compliance with Federal, State and Local Environmental Laws

Our business is affected by local, provincial, state, federal and foreign laws and other regulations relating to the gas and electric safety standards and codes presently extant in the oil and gas industry, as well as laws and regulations relating to worker safety and potentially environmental protection. We cannot predict the level of enforcement of existing laws and regulations or how such laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on us, our business or financial condition.

Additionally, our customers are affected by laws and regulations relating to the exploration for and production of natural resources such as oil and natural gas. These regulations are subject to change and new regulations may curtail or eliminate customer activities in certain areas where we currently operate. We cannot determine the extent to which new legislation may impact customer activity levels, and ultimately, the demand for our products and services.

Historically, we did not incur material direct costs to comply with applicable environmental laws. There can be no assurance, however, that this will continue to be the case in the future as environmental laws and regulations relating to the oil and natural gas industry are routinely subject to change.

Employees

As of June 23, 2014 we had a total of 92 employees, 86 of whom were full-time employees.

Properties

We operate within approximately an aggregate of 62,000 square feet of space in six facilities. The following table lists the location of each of our six facilities (two of which we own, and four of which are leased by us), the current lease expiration date (to the extent applicable), the facility's principal use and the approximate square footage of the facility:

Property Location	Lease Expiration	Use	Approximate Square Footage
Lindon, Utah	Owned	Executive Office Warehouse Assembly	35,000
Spruce Grove, Alberta, Canada	Owned	Office Warehouse Assembly	16,000
Houston, Texas	July 31, 2016	Office Warehouse Assembly	5,000
Victoria, Texas	May 31, 2016	Office Warehouse	2,600
Oklahoma City, Oklahoma	February 28, 2015	Sales Offices	860
Tioga, Pennsylvania	April 30, 2015	Office Warehouse Assembly	2,500

As noted under "Prospectus Summary—Recent Developments", we have expanded and upgraded our facilities and we believe our newly expanded and upgraded facilities are adequate to meet our current and future needs for at least the next twelve months.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in matters may arise from time to time that may harm our business. As of the date of this prospectus, management is not aware of any material pending legal, judicial or administrative proceedings to which the Company or any of its subsidiaries is a party or of which any properties of the Company or its subsidiaries is the subject.

MANAGEMENT

Directors and Officers

Our Board of Directors currently consists of seven directors, three of whom are also officers of the Company. There are no family relationships among any of our directors, officers or key employees. The names of our directors, their ages and their respective business backgrounds are set forth below.

Name	Position(s) With the Company	Age	Director Since
Brenton W. Hatch	Chief Executive Officer, President and Chairman of the Board	63	2008
Harold Albert	Chief Operating Officer and Director	51	2008
Andrew W. Limpert	Chief Financial Officer and Director	44	2007
Arlen B. Crouch	Director	80	2013
Stephen E. Pirnat	Director	62	2014
Daren J. Shaw	Director	57	2013
Ronald R. Spoehel	Director	57	2013

Brenton W. Hatch. Mr. Hatch became the Chief Executive Officer and President of Profire Energy, Inc., in October 2008 and has served as the Chairman of the Board of Directors since November 2008. Mr. Hatch has been responsible for overseeing the day-to-day operations of the Company since October 2008. Mr. Hatch co-founded the Company's wholly-owned subsidiary, Profire Combustion, Inc. in 2002. Since that time he has served as the Chief Executive Officer and General Manager of Profire Combustion and has been responsible for the day-to-day operations of Profire Combustion since its inception. Prior to founding Profire Combustion, between 2001 and 2002 Mr. Hatch was a Management Consultant and General Manager of Titan Technologies, Inc., an oilfield service and distribution company in Edmonton, Alberta, Canada. In this position, Mr. Hatch performed an in-depth analysis of the operations and management of all divisions of Titan Technologies. Based on his analysis, Mr. Hatch implemented company-wide operational changes to improve company performance. From 1989 to 2000 Mr. Hatch served as President and Chief Executive Officer of Keaton International, Inc., an educational services company based in Edmonton, Alberta, Canada. Mr. Hatch managed all executive functions of the company and particularly focused on the development and management of the company's educational services. During his time at Keaton International, Mr. Hatch led corporate networking and marketing campaigns world-wide. Mr. Hatch earned a Bachelor's Degree in Education from the University of Alberta in 1974. Mr. Hatch is not currently, nor has he in the past five years been, a nominee or director of any other SEC registrant or registered investment company. We considered Mr. Hatch's experience with the Company, as a founder and as the principal executive officer of Profire Combustion, and his previous management and operational oversight experience in concluding that he should serve as a director of the Company.

Harold Albert. Mr. Albert became the Chief Operating Officer of Profire Energy, Inc. in October 2008 and a director of the Company in November 2008. Since that time Mr. Albert has been responsible for research and development of new products and services as well as overseeing Company operations in Canada. Mr. Albert co-founded Profire Combustion, Inc. in 2002. He has served as the President and Chief Operating Officer of Profire Combustion since that time. In this capacity Mr. Albert is responsible for research and development of new products and services and overseeing operations. Prior to founding Profire Combustion, Mr. Albert worked in the oil services industry for Titan Technologies, Inc. from 1996 to 2002. During that time Mr. Albert served as an Associate Manager overseeing the company's burner division. From 1993 to 1996 Mr. Albert was employed with Natco Canada doing start up and commissioning of oil and gas facilities in both Canada and Russia. Mr. Albert is not, nor has he in the past five years been, a nominee or director of any other SEC registrant or registered investment company. We considered Mr. Albert's experience with the Company, as a founder and principal operating officer of Profire Combustion and his previous management and operational experience in concluding that he should serve as a director of the Company.

Andrew W. Limpert. Mr. Limpert graduated from the University of Utah with a Bachelors of Science degree in Finance in 1994. He earned a Masters of Business Administration with an emphasis in Finance from Westminster College in 1998. Mr. Limpert joined the Company in November 2007 and has served as an executive officer and director of the Company since that time. As Chief Financial Officer, Mr. Limpert is responsible for strategic financial and business planning, business expansion and financial reporting. From 1998 to 2008, Mr. Limpert was employed with an advisory firm providing strategic and financial advice for several investment banks. For the past 15 years he has founded, consulted on and funded numerous businesses in the private and public arenas. In 2007 he became the chairman of the Board of Directors of Nine Mile Software Inc., a rebalancing and mutual fund trading software developer. Nine Mile Software became an SEC registrant during 2008. He resigned as Chairman of Nine Mile in April 2011. During the past five years Mr. Limpert has served as a director and interim CEO of Ohr Pharmaceutical Inc., a New York based biotech incubator. Ohr Pharmaceutical is also an SEC registrant. Mr. Limpert resigned as an officer and director of Ohr Pharmaceutical in April 2010. Mr. Limpert also serves on the Board of Directors of several non-profit organizations working in the areas of substance recovery and fitness and sports for youth, the Utah County Chamber of Commerce and the Bill & Vieve Gore School of Business at Westminster College. Mr. Limpert is not, nor has he in the past five years been, a nominee or director of any registered investment company. We considered Mr. Limpert's extensive investment experience and his related finance and educational background in concluding that he should serve as a director of the Company.

Arlen B. Crouch. Mr. Crouch served as President and CEO of Franklin Quest Co., now FranklinCovey Co. (NYSE:FC), where he played a key role in the Company's IPO and listing on the NYSE. Prior to his appointment as President and CEO, he served in a variety of senior management roles including COO and Executive VP. At the time Mr. Crouch stepped down in 1997 to serve a three-year assignment in Washington DC for the LDS Church, the Company had a market capitalization in excess of $500 million. Previously he served as a First Vice President and Regional Director of Merrill Lynch & Co., Inc., with responsibilities for retail operations in the Southern California region. Mr. Crouch has also served as Chair of the Salt Lake Chamber of Commerce. We considered Mr. Crouch's extensive management experiences as well as his experience and leadership in the financial services industry in determining that he should serve as a director of the Company.

Stephen E. Pirnat. Mr. Pirnat serves as the Managing Director of Europe, the Middle East and Africa for the Quest Integrity Group of Team Inc. (NYSE:TISI). Mr. Pirnat has held the position of President of Quest Integrated Inc., a technology incubator and boutique private equity firm and President of the newly formed Quest Metrology Group LLC. From February 2000 to September 2009, Mr. Pirnat served as President and Chief Executive Officer of the John Zink Company LLC, a wholly owned subsidiary of Koch Industries and a worldwide leader in the supply of combustion and air pollution control equipment to the energy industry. In that former capacity, Mr. Pirnat was a board member of Quest Integrity Group. Mr. Pirnat, a long-time executive with Ingersoll-Rand and Ingersoll-Dresser Corporation, went to John Zink from a previous post as President and Chief Executive Officer of Pangborn Corporation, a leading supplier of surface preparation equipment and associated services to the automotive and aircraft industries. Mr. Pirnat began his career as an applications engineer with the Pump and Condenser Group of Ingersoll-Rand, where he advanced through a variety of sales, marketing, engineering and operational positions with that company and its successor, Ingersoll-Dresser. These positions included Vice President of Ingersoll-Rand's Standard Products Division, Vice President of Marketing for Ingersoll-Dresser Pumps, President of Ingersoll-Dresser Canada Ltd., and Vice President and General Manager of Ingersoll-Rand Engineered Equipment Division. He has been a Director of ClearSign Combustion Inc. (NASDAQ:CLIR) since November 2011. Mr. Pirnat holds a BS in Mechanical Engineering from the New Jersey Institute of Technology. We considered Mr. Pirnat's extensive experience and leadership in the energy and engineering sectors and on the boards of directors of public and private companies in determining that he should serve as a director of the Company.

Daren J. Shaw. Mr. Shaw has served for more than 25 years in leadership capacities with several financial services firms. Mr. Shaw currently serves as a Managing Director of Investment Banking at D.A. Davidson & Co., a middle-market full-service investment banking and brokerage firm. During his term as Managing Director at D.A. Davidson & Co., Mr. Shaw has served on the Senior Management Committee and Board of Directors and as the lead investment banker in a wide variety of transactions including public stock offerings, private placements, and mergers and acquisitions. Mr. Shaw joined D.A. Davidson & Co., in 1997. Mr. Shaw also served for 12 years with Pacific Crest Securities (formerly known as Gallagher Capital Corp.), in various roles, including Managing Director. Since 2012, Mr. Shaw has served as a member of the Board of Directors of The Ensign Group, Inc., a provider of skilled nursing and rehabilitative care services with more than 100 facilities located in 11 states. He currently serves as Chairman of The Ensign Group's Audit Committee and also serves on The Ensign Group's nominating and corporate governance, compensation, and special investigation committees. The Ensign Group is an SEC registrant. Mr. Shaw has also served as a member of the Board of Directors of Agri-Services, Inc., an agricultural equipment dealer based in Twin Falls, Idaho, since 2010, and as a member of the Board of Directors of Cadet Manufacturing, a zonal electric heater manufacturer based in Vancouver, Washington, since 2005. Mr. Shaw is 57 years old. We considered Mr. Shaw's extensive experience and leadership in the financial services industry and on the boards of directors of public and private companies in determining that he should serve as a director of the Company.

Ronald R. Spoehel. Mr. Spoehel is a private investor with over 30 years of board, executive management, and investment banking experience, from Fortune 500 to technology startups. From 2007 to 2009, he served as the Presidentially-appointed Senate-confirmed Chief Financial Officer of the National Aeronautics and Space Administration. Prior to NASA, Mr. Spoehel served as an executive officer in various general management positions and on the Boards of Directors of public and private operating companies in the U.S. and Europe. Among various companies with worldwide operations, he has served as EVP-CFO and on the Boards of ManTech International (NASDAQ:MANT) and ICx Technologies, Inc.; as VP-Corporate Development of Harris Corporation (NYSE:HRS); and, as CEO and on the Board of Optinel Systems. Mr. Spoehel began his career as an investment banker for ten years primarily focused on energy and technology sectors. Mr. Spoehel is an honors graduate of the University of Pennsylvania, where he received his Bachelor of Science degree in economics and MBA from the Wharton School and his Master of Science degree in engineering from the Moore School of Electrical Engineering. In addition to currently serving on the Board of Global Defense & National Security Systems, Inc. (NASDAQ: GDEF), Mr. Spoehel also serves on the Boards of U.S. and international private companies. We considered Mr. Spoehel's extensive experience and leadership in the energy and technology sectors and on the boards of directors of public and private companies in determining that he should serve as a director of the Company.

Involvement in Certain Legal Proceedings

During 2012 Mr. Limpert entered into a settlement agreement with the Commission in connection with administrative proceedings commenced against him in 2011 for alleged events occurring between 2004 and 2008. After a comprehensive investigation and full cooperation with the Commission, Mr. Limpert, based on the advice of his counsel, believed the settlement was in his best interest under the circumstances. While not admitting to or denying the Commission's findings, Mr. Limpert consented to disgorgement, penalties and interest for certain fees earned. The penalties assessed were within the lowest tier statutorily allowed. Mr. Limpert also agreed not to engage in violations of U.S. securities laws and to be temporarily barred from certain specific activities such as association or employment with any broker, dealer, investment adviser, investment company, etc., and from participating in an offering of penny stock as an unrelated collateral bar. The settlement agreement provides that Mr. Limpert may reapply for licensure for any of the above after one calendar year, subject to compliance with the terms and conditions set out in the settlement agreement. None of the violations alleged against Mr. Limpert related to his involvement with the Company.

The Board of Directors believes Mr. Limpert continues to be capable to serve on the Company's Board of Directors and as the Company's CFO, which entails the following responsibilities:

- managing corporate financial controls, forecasts and reporting,
- overseeing financial and feasibility analyses of all material projects, especially in entering new regions and making significant personnel decisions,
- overseeing the materials, timing, and execution of corporate communication,
- overseeing engagements and communication with the financial community (e.g., stockholders, brokers, fund managers, etc.),
- managing corporate sales strategies, and
- other responsibilities, as assigned by the CEO or Board of Directors.

Mr. Limpert has been an integral part of the Company's creation of value and is an asset to the Company's ongoing development. The Board of Directors sees the aforementioned as an unrelated incident to the Company.

EXECUTIVE COMPENSATION

The following table presents compensation information for our last two years for our principal executive officer and our other executive officers. These individuals are referred to herein as "named executive officers."

Summary Compensation Table

	Year	Salary	Bonus	All Other Compensation	Total
Brenton W. Hatch	2014	$ 260,346	$ 10,000	$ 61,840	$ 332,186
CEO and Director	2013	$ 202,539	$ 149,850	$ 25,200	$ 377,589
Andrew W. Limpert	2014	$ 235,059	$ 10,000	$ 47,748	$ 292,807
CFO and Director	2013	$ 168,000	$ 40,000	$ 16,800	$ 224,800
Harold Albert	2014	$ 251,624	$ 9,498	$ 52,723	$ 313,845
COO and Director	2013	$ 203,795	$ 149,850	$ 34,066	$ 387,711

Breakdown of All Other Compensation

Name	Year	Vehicle Allowance, Fuel, Maintenance and Related Costs	Cell Phone Expenses	Medical Insurance Premiums	Benefit Allowance
Brenton W. Hatch	2014	$ 20,311	$ 3,416	$ 13,200	$ 22,390
	2013	$ 9,600	$ 3,600	$ 12,000	$ -
Andrew W. Limpert	2014	$ 14,799	$ 4,392	$ 6,557	$ 22,000
	2013	$ -	$ -	$ 7,200	$ -
Harold Albert	2014	$ 20,110	$ 3,054	$ 8,663	$ 20,896
	2013	$ 20,379	$ 3,669	$ 10,018	$ -

As of the fiscal year ended March 31, 2014, we had a Compensation Committee chaired by Mr. Ronald R. Spoehel, an independent board member. The Compensation Committee is evaluating officer and employee compensation issues subject to the approval of our Board of Directors. Company Management discussed with the Compensation Committee the employee benefit programs and officer and employee compensation. In the past, our CEO has made recommendations to the Board of Directors regarding his own compensation and we had no policy prohibiting the CEO from doing so.

Salary

Salary is used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. The salary for each officer is set at the time the individual is hired based on the factors discussed in the preceding sentence and the negotiation process between the Company and the officer. Thereafter, changes to annual salary, if any, are determined based on several factors, including evaluation of performance, anticipated financial performance, economic condition and local market and labor conditions. During the 2013 fiscal year, the employment agreements of Mr. Hatch, Mr. Albert and Mr. Limpert provided for a full-time monthly salary of $17,000 per month. During fiscal 2013, Mr. Limpert was not employed by the Company on a full-time basis. His salary was adjusted to reflect the amount of time dedicated to his employment with the Company. As discussed in more detail below under the heading "*Employment Agreements*", in June 2013 the Company executed new employment agreements with Messrs. Hatch, Albert and Limpert, retroactive to May 1, 2013. The new employment agreements provide that Messrs. Hatch and Albert will each receive an annual salary of $270,000 per year and Mr. Limpert will receive an annual salary of $240,000 per year. These salaries may be adjusted upward by the Company's Board of Directors at their discretion.

Bonuses

We may also make cash awards to our named executive officers and employees that are not part of any pre-established, performance-based criteria. Awards of this type are completely discretionary and subjectively determined by our Compensation Committee, Board of Directors, or management at the time they are awarded. During the 2014 fiscal year, executives received bonuses of $10,000 to Mr. Hatch, $9,498 to Mr. Albert and $10,000 to Mr. Limpert. The bonuses in 2014 were awarded in recognition of the efforts of the named executive officers for revenue expansion, leadership and product innovation. We were under no obligation to award the cash bonuses and we are not under an obligation to award future cash bonuses.

Employer Benefit Plans

At the current time, we do not provide any retirement, pension, or other benefit plans to our named executive officers; however, the Board of Directors may adopt plans as it deems reasonable under the circumstances.

Outstanding Equity Awards at March 31, 2014

None of our named executive officers held outstanding equity awards at March 31, 2014.

Employment Agreements

We entered into employment agreements with Mr. Hatch and Mr. Albert in November 2008, and with Mr. Limpert in January 2009. These employment agreements provided for an initial employment term of three calendar years from the date of the agreements. With the expiration of the initial term, the agreements were self-renewing for additional one year periods for ten years unless terminated in accordance with the terms of the agreements.

On June 28, 2013, we executed new employment agreements with Messrs. Hatch, Albert and Limpert (the "new employment agreements"), which were retroactively effective to May 1, 2013. Except as disclosed herein, the terms and conditions of the new employment agreements are not materially different than the employment agreements we previously had in place with Messrs. Hatch, Albert and Limpert (the "old employment agreements").

As with the old employment agreement, the new employment agreements of Mr. Hatch and Mr. Albert provide that they will devote, on a full-time basis, their best ability and talents to the business of the Company. The agreements prohibit the individuals from providing consulting services or accepting employment with any other party unless pre-approved by the Company. Mr. Limpert's old employment agreement provided that he would initially be employed on a part-time, as needed basis. The new employment agreement of Mr. Limpert provides for full-time employment under the same terms and obligations as Messrs. Hatch and Albert.

Under the old employment agreements, in addition to a monthly salary, Messrs. Hatch, Albert and Limpert were entitled to reimbursement of all reasonable and necessary out-of-pocket personal expenses up to $3,000 per month for Mr. Hatch and Mr. Albert and up to $2,000 per month for Mr. Limpert. Expense items exceeding these limits were required to receive Company approval. The old employment agreements provided for an $800 per month auto allowance for Messrs. Hatch, Albert and Limpert and that they would each be entitled to equal treatment with other principal officers of the Company with regard to medical and dental plans and benefits, retirement or similar plans, life insurance, sick leave, vacation or disability. Under the old employment agreements, the Company was to provide $1,000 per month for health/dental premiums and $1,000 per month matching retirement benefits when the Company establishes such a plan.

The new employment agreements provide that Messrs. Hatch, Albert and Limpert are entitled to:

- an automobile allowance of up to $1,200 per month;
- payment of or reimbursement for certain reasonable and necessary out-of-pocket expenses incurred in the performance of their duties, as detailed in the new employment agreements, subject to presentment of appropriate vouchers or receipts;
- a $2,000 per month personal allowance;
- payment of the employee's medical and dental insurance premiums; and
- four weeks of paid vacation or leave time each year.

The new employment agreements also allow the Board to consider the award of a year-end annual cash bonus based on performance. No specific performance criteria are set forth in the employment agreements.

As with the old employment agreements, the new employment agreements contain confidentiality, non-disclosure, non-compete, non-solicitation, information return and intellectual property assignment provisions.

Change in Control Agreements and Severance Payments

Both the old and new employment agreements of Messrs. Hatch, Albert and Limpert contain provisions for payment in the event of termination of employment. Under the new employment agreements, Messrs. Hatch, Albert or Limpert are entitled to the following payments in the event of termination of employment:

- **Without cause**. The employee may be terminated without cause by the Company at any time, but with 90 days prior written notice. If terminated without cause, the Company shall pay the employee, as a severance allowance, his then current monthly base salary, and health and other benefits for the two-week period following the month of termination and including the month in which notice of termination occurs if employed for a continuous period of six months or more.

- **For cause upon prior written notice**. If terminated for cause the individual shall be entitled to receive his then current monthly base salary and any employee rights or compensation which would vest in the month of termination pro-rated through the date of termination but off-set by any amounts which have been appropriated or wrongfully taken by the employee or which arise out of damages to the Company through the errors or omissions of the employee.

- **By resignation**. If the employee resigns, he shall be entitled to receive his current monthly base salary and any other compensation or right which would vest in the month the resignation becomes effective, pro-rated to the date of last service. In the event of a resignation, employment shall terminate on the earlier of, 30 days following the written submission of resignation or the date the resignation is accepted by the Company.

- **For disability or death**. The Company shall have the option to terminate the employment agreement should the employee no longer be able to perform his essential functions. In the event of termination for death or disability the employee shall be entitled to the same compensation and benefits as if the agreement had been terminated without cause.

We do not have agreements, plans or arrangements, written or unwritten, with any of Messrs. Hatch, Albert or Limpert that would provide for payments or other benefits to any of them in the event of a change in control of the Company or a change in their responsibilities following a change in control of the Company.

Director Compensation

All compensation earned by Messrs. Hatch, Albert and Limpert was compensation for services rendered in their capacity as employees of the Company. They received no compensation for serving on our Board of Directors during the 2014 or 2013 fiscal years. Subsequent to March 31, 2013, Mr. Daren Shaw, Mr. Ronald R. Spoehel, Mr. Arlen Couch, and Mr. Stephen Pirnat joined our Board of Directors. We currently pay them a fee of $2,000 per month and an annual stock option grant of 100,000 shares.

The following table summarizes the compensation paid to or earned by our non-employee directors for the year ended March 31, 2014.

Name	Fees Earned or Paid in Cash (1)	Option Awards (2)	Total
Arlen B. Crouch	$ 10,000	$ 166,670	$ 176,670
Stephen E. Pirnat	$ 4,000	$ 217,854	$ 221,854
Daren J. Shaw	$ 16,000	$ 138,489	$ 154,489
Ronald R. Spoehel	$ 12,000	$ 166,670	$ 178,670

(1) Includes amounts paid pursuant to the decision made by the Chairman of the Board in conjunction with the Compensation Committee. Each non-employee director receives $2,000 a month in consideration of the service as a member of the Board of Directors.

(2) These amounts are based on the grant date fair value of the option awards granted during the fiscal year ended March 31, 2014, calculated in accordance with FASB ASC Topic 718. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. As of March 31, 2014, our non-employee directors held options that had been granted by us as director compensation to purchase the following number of shares of our common stock: Mr. Crouch—options to purchase 100,000 shares; Mr. Pirnat—options to purchase 100,000 shares; Mr. Shaw—options to purchase 100,000 shares; Mr. Spoehel—options to purchase 100,000 shares.

Securities Authorized for Issuance under Equity Compensation Plans

As of March 31, 2014, the following securities were authorized for issuance under equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in columns (a)) (c)
Equity compensation plans approved by security holders	2,903,715	$ 1.319	997,000
Equity compensation plans not approved by security holders	-0-	n/a	-0-
Total	2,903,715	$ 1.319	997,000

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of June 23, 2014, by:

- each stockholder we know to own beneficially 5% or more of our common stock;
- each of our named executive officers and directors individually;
- all of our named executive officers and directors as a group; and
- each selling stockholder.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of June 17, 2014 are deemed to be outstanding and beneficially owned by the person holding the options. Shares issuable pursuant to stock options or warrants are deemed outstanding for computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below will have sole voting and investment power with respect to all shares of common stock that they will beneficially own, subject to applicable community property laws.

The selling stockholders are offering 1,500,000 shares of common stock in this offering. The underwriters have a 45-day option to purchase up to 900,000 additional shares of common stock at the public offering price solely to cover over-allotments, if any. The underwriters have agreed to purchase the over-allotment shares, if any, from the selling stockholders identified below. We will not receive any proceeds from the sale of any shares by the selling stockholders.

	Number of Shares of Common Stock Beneficially Owned Before the Offering		**Shares Being Sold In This Offering**	**Beneficial Ownership After This Offering**		**Shares to be Sold If Underwriters' Option Is Exercised In Full**	**Beneficial Ownership After This Offering If Underwriters' Option Is Exercised In Full**	
Name of Selling Stockholder	Shares	Percent		Shares	Percent	Shares	Shares	Percent
5% or Greater Stockholders								
N/A	—	—	—	—	—	—	—	—
Named Executive Officers and Directors								
Brenton W. Hatch(1)	15,450,000	32.3%	600,000	14,850,000	27.5%	360,000	14,490,000	26.4%
Harold Albert(2)	15,325,000	32.0%	600,000	14,725,000	27.2%	360,000	14,365,000	26.1%
Andrew Limpert(3)	3,581,937	6.8%	300,000	3,281,937	6.1%	180,000	3,101,937	5.6%
Arlen Crouch(4)	50,000	*	—	50,000	*	—	50,000	*
Stephen Pirnat(5)	50,000	*	—	50,000	*	—	50,000	*
Daren Shaw(6)	50,000	*	—	50,000	*	—	50,000	*
Ronald Spoehel(7)	50,000	*	—	50,000	*	—	50,000	*
All executive officers and directors as a group (7 persons)	34,556,937	71.9%	1,500,000	33,056,937	61.2%	900,000	32,156,937	58.5%

* Less than 1%.

(1) The address of Brenton W. Hatch is 321 South 1250 West, Suite 1, Lindon, UT 84042.

(2) The address of Harold Albert is Bay 12, 55 Alberta Ave., Spruce Grove, Alberta, Canada T7X3A6.

(3) The address of Andrew W. Lipert is 321 South 1250 West, Suite 1, Lindon, UT 84042.

(4) The address of Arlen B. Crouch is 321 South 1250 West, Suite 1, Lindon, UT 84042. Includes 50,000 shares of common stock issuable upon exercise of options that may be exercised within 60 days of June 17, 2014.

(5) The address of Stephen E. Pirnat is 321 South 1250 West, Suite 1, Lindon, UT 84042. Includes 50,000 shares of common stock issuable upon exercise of options that may be exercised within 60 days of June 17, 2014.

(6) The address of Daren J. Shaw is 321 South 1250 West, Suite 1, Lindon, UT 84042. Includes 50,000 shares of common stock issuable upon exercise of options that may be exercised within 60 days of June 17, 2014.

(7) The address of Ronald R. Spoehel is 321 South 1250 West, Suite 1, Lindon, UT 84042. Includes 50,000 shares of common stock issuable upon exercise of options that may be exercised within 60 days of June 17, 2014.

DILUTION

The net tangible book value of our common stock as of December 31, 2013 was $23,767,322, or $0.49 per share. Net tangible book value per share represents our total tangible assets less our total tangible liabilities, divided by the number of shares of common stock before giving effect to the conversion of all outstanding shares of common stock upon the completion of this offering.

Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers in this offering and the pro forma net tangible book value per share of our common stock immediately after the completion of this offering. After giving effect to our assumed issuance and sale of shares of common stock in this offering at an assumed public offering price of $ per share and after deducting estimated offering expenses payable by us, our pro forma net tangible book value as of , 2014 would have been approximately $ or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to purchasers of common stock in this offering at the assumed offering price, as illustrated in the following table:

Public offering price per share		$
Net tangible book value per share as of December 31, 2013, before this offering	$ $0.49	
Increase per share attributable to new investors	$	
Pro forma net tangible book value per share at December 31, 2013 after giving effect to the offering		$
Dilution in net tangible book value per share to new investors		$

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

Except for the employment agreements described in "Executive Compensation—Employment Agreements" there have been no other transactions since April 1, 2012, or any currently proposed transaction, or series of similar transactions, to which the Company was or is to be a party, in which the amount involved exceeds $120,000 and in which any current or former director of officer of the Company, any 5% or greater stockholder of the Company or any member of the immediate family of any such persons had, or will have, a direct or indirect material interest.

Director Independence

The Board has determined that four of our current directors would qualify as an independent director as that term is defined in the listing standards of The NASDAQ Stock Market. Those four directors are Daren J. Shaw, Arlen B. Crouch, Ronald R. Spoehel and Stephen E. Pirnat.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and related provisions of our articles of incorporation and our bylaws. For more detailed information, please see our articles of incorporation and our bylaws.

Our authorized capital consists of 100,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our Board of Directors may from time to time determine.

We have not declared a cash dividend on any class of common equity in the last two fiscal years. There are no restrictions on our ability to pay cash dividends, other than any state law that may be applicable. Under Nevada law, dividends may be paid to the extent that a corporation's assets exceed it liabilities and it is able to pay its debts as they become due in the usual course of business. We do not anticipate paying any dividends in the foreseeable future; it intends to retain the earnings that could be distributed, if any, for operations.

Voting Rights. Each common stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of the stockholders. Cumulative voting for the election of directors is not provided in our articles of incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

No Preemptive or Similar Rights. Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Preferences. Upon our liquidation, dissolution or winding up, our assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock and any participating preferred stock outstanding at the time after payment of liquidation preferences, if any, on any outstanding preferred stock and payment of other claims of creditors.

Preferred Stock

Our Board of Directors may authorize, without further stockholder approval, the issuance from time to time up to an aggregate of 10,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designation of series.

Market Information

Our common stock is presently quoted on The NASDAQ Capital Market under the symbol "PFIE". See the cover page of this prospectus for a recent closing price of our common stock as reported by The NASDAQ Capital Market.

Anti–Takeover Effects of Our Articles of Incorporation and Bylaws

Our articles of incorporation and bylaws contain certain provisions that may have anti-takeover effects, making it more difficult for or preventing a third party from acquiring control of us or changing our Board of Directors and management.

According to our articles of incorporation and bylaws, neither the holders of our common stock nor the holders of our preferred stock have cumulative voting rights in the election of our directors. The combination of the present ownership by a few stockholders of a significant portion of our issued and outstanding common stock and lack of cumulative voting makes it more difficult for other stockholders to replace our Board of Directors or for a third party to obtain control of us by replacing our Board of Directors.

The authorization of preferred stock with either specified voting rights or rights providing for the approval of extraordinary corporate action could be used to create voting impediments or to frustrate persons seeking to effect a merger or to otherwise gain control of the Company by diluting their stock ownership.

Nevada Anti–Takeover Laws

Certain provisions of Nevada law may have the effect of delaying, deferring or preventing another party from acquiring control of us. These provisions, summarized below, may discourage and prevent coercive takeover practices and inadequate takeover bids.

Nevada law contains a provision governing "acquisition of controlling interest." This law provides generally that any person or entity that acquires 20% or more of the outstanding voting shares of a publicly-held Nevada corporation in the secondary public or private market may be denied voting rights with respect to the acquired shares, unless a majority of the disinterested stockholders of the corporation elects to restore such voting rights in whole or in part. The control share acquisition act provides that a person or entity acquires "control shares" whenever it acquires shares that, but for the operation of the control share acquisition act, would bring its voting power within any of the following three ranges: 20 to 33-1/3%; 33-1/3 to 50%; or more than 50%.

A "control share acquisition" is generally defined as the direct or indirect acquisition of either ownership or voting power associated with issued and outstanding control shares. The stockholders or board of directors of a corporation may elect to exempt the stock of the corporation from the provisions of the control share acquisition act through adoption of a provision to that effect in the articles of incorporation or bylaws of the corporation. Article VIII of our articles of incorporation provides that the control share acquisition act shall not be applicable to any acquisition of a controlling interest in us.

Additionally the control share acquisition act is applicable only to shares of "Issuing Corporations" as defined by the Nevada law. An Issuing Corporation is a Nevada corporation which (i) has 200 or more stockholders, with at least 100 of such stockholders being both stockholders of record and residents of Nevada, and (ii) does business in Nevada directly or through an affiliated corporation.

Therefore, the provisions of the control share acquisition act will not apply to acquisitions of our common stock., In the event our articles of incorporation are amended to provide for the applicability of the control share acquisition act and the other above mentioned requirements are met, the provisions of the control share acquisition act may discourage companies or persons interested in acquiring a significant interest in or control of us, regardless of whether such acquisition may be in the interest of our stockholders.

The Nevada “Combination with Interested Stockholders Statute” may also have an effect of delaying or making it more difficult to effect a change in control of us. This statute prevents an “interested stockholder” and a resident domestic Nevada corporation from entering into a “combination,” unless certain conditions are met. The statute defines “combination” to include any merger or consolidation with an “interested stockholder,” or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an “interested stockholder” having (i) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (ii) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, or (iii) representing 10% or more of the earning power or net income of the corporation.

An “interested stockholder” means the beneficial owner of 10% or more of the voting shares of a resident domestic corporation, or an affiliate or associate thereof. A corporation affected by the statute may not engage in a “combination” within three years after the interested stockholder acquires its shares unless the combination or purchase is approved by the board of directors before the interested stockholder acquired such shares. If approval is not obtained, then after the expiration of the three-year period, the business combination may be consummated with the approval of the board of directors or a majority of the voting power held by disinterested stockholders, or if the consideration to be paid by the interested stockholder is at least equal to the highest of (i) the highest price per share paid by the interested stockholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which he became an interested stockholder, whichever is higher, (ii) the market value per common share on the date of announcement of the combination or the date the interested stockholder acquired the shares, whichever is higher, or (iii) if higher for the holders of preferred stock, the highest liquidation value of the preferred stock.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is OTC Stock Transfer, Inc., telephone number (801) 208-1984.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, the underwriters named below, acting as joint book running managers, have severally agreed to purchase from us on a firm commitment basis the following respective number of common stock at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus:

Underwriters	Number of Shares
Maxim Group LLC	
Chardan Capital Markets, LLC	
Total	

The underwriting agreement provides that the obligation of the underwriters to purchase all of the common stock being offered to the public is subject to specific conditions, including the absence of any material adverse change in our business or in the financial markets and the receipt of certain legal opinions, certificates and letters from us, our counsel and our independent auditors. Subject to the terms of the underwriting agreement, the underwriters will purchase all of the common stock being offered to the public, other than those covered by the over-allotment option described below, if any of these shares are purchased.

Over-Allotment Option

The selling stockholders have granted to the underwriters an option, exercisable not later than 45 days after the effective date of the registration statement, to purchase up to 675,000 additional shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus. The underwriters agreed to purchase the over-allotment shares from the selling stockholders identified in this prospectus. We will not receive any proceeds from the sale of the shares, if any, by the selling stockholders. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the shares offered by this prospectus. To the extent that the underwriters exercise this option, each of the underwriters will become obligated, subject to conditions, to purchase approximately the same percentage of these additional shares of common stock as the number of shares of common stock to be purchased by it in the above table bears to the total number of shares of common stock offered by this prospectus. The selling stockholders will be obligated, pursuant to the option, to sell these additional shares of common stock to the underwriters to the extent the option is exercised. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the other shares of common stock are being offered hereunder.

Commission and Expenses

The underwriting discounts and commissions shall equal 7% of the gross proceeds of this offering. The discounts and commissions will be paid in cash. We and the selling stockholders have agreed to pay the underwriters the discounts and commissions set forth below, assuming either no exercise or full exercise by the underwriters of the underwriters' over-allotment option. We and the selling stockholders have been advised by the underwriters that the underwriters propose to offer the common stock to the public at the public offering price set forth on the cover of this prospectus and to dealers at a price that represents a concession not in excess of $ per share under the public offering price of $ per share. The underwriters may allow, and these dealers may re-allow, a concession of not more than $ per share to other dealers. After the offering to the public, the underwriters may change the offering price and other selling terms.
The following table summarizes the compensation we and the selling stockholders will pay:

	Per Share(1)		Total(1)	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by us	$	$	$	$
Underwriting Discounts and Commissions paid by selling stockholders	$ -	$ -	$ -	$ -

(1) The fees do not include expense reimbursement as described below.

Pursuant to the terms of the underwriting agreement, we have agreed to reimburse the underwriters for certain out-of-pocket expenses that they incur in connection with this offering, up to a maximum aggregate of $175,000, of which a maximum of $125,000 will be used to pay the underwriters' legal expenses. In addition, we have agreed to pay up to a maximum amount of $4,200 for background checks of our directors and officers.

We estimate that expenses payable by us in connection with the offering of our shares, other than the underwriting discounts and commissions and the counsel fees and disbursement reimbursement provisions referred to above, will be approximately $.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act and liabilities arising from breaches of representations and warranties contained in the underwriting agreement, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Lock-Up Agreements

Prior to the completion of this offering, each of our officers, directors and holders of 7.0% or more of our common stock will agree not to sell, offer, agree to sell, contract to sell, hypothecate, pledge, grant any option to purchase, make any short sale of or otherwise dispose of or hedge, directly or indirectly, more than 1% of our outstanding common stock, or any securities convertible into or exercisable or exchangeable for more than 1% of our outstanding common stock, subject to certain exceptions, whether any such transaction described above is to be settled by delivery of common stock, in cash or otherwise, within any fiscal quarter during the 180 day period after the date of the final prospectus relating to this offering without the prior written consent of Maxim. This 180-day restricted period will be automatically extended if: (1) during the last 17 days of the 180-day restricted period we issue an earnings release or announce material news or a material event relating to us occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Electronic Distribution

A prospectus in electronic format may be made available on websites or through other online services maintained by the underwriters or their affiliates. Other than the prospectus in electronic format, the information on underwriters' website and any information contained in any other website maintained by it is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriters in their capacity as an underwriters and should not be relied upon by investors.

Price Stabilization, Short Positions and Penalty Bids

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act:

- *Stabilizing transactions* permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- *Over-allotment* involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that may be purchased in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising the over-allotment option and/or purchasing shares in the open market.

- *Syndicate covering transactions* involve purchases of shares in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the 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 it may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- *Penalty bids* permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our shares or preventing or retarding a decline in the market price of our securities. As a result, the price of our shares may be higher than the price that might otherwise exist in the open market. Neither we nor 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 securities. In addition, neither we nor the underwriters make any representations that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Other Terms

We have agreed to grant to the underwriters the right of participation to act as co-lead managing underwriter and bookrunner or minimally as a co-lead runner and/or co-lead placement agent with at least 33.0% of the economics to be divided between them, for any and all future equity, equity-linked or debt offerings (excluding commercial bank debt), of the Company or any of our successors or any of our subsidiaries for a period of 6 months from the date of commencement of sales of this offering.

Offers Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the shares offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Other Relationships

Certain of the underwriters have from time to time performed, and may in the future perform, investment banking and other commercial services for us or our affiliates in the ordinary course of business. In particular on November 18, 2013 we sold 2,172,405 shares of our common stock in a private placement and Maxim Group LLC and Chardan Capital Markets LLC acted as co-Placement Agents for the private placement. Except for services provided in connection with this offering, none of the underwriters have provided any financing, investment and/or advisory services to us during the 180-day period preceding the filing of the registration statement related to this offering, and as of the date of this prospectus, we do not have any agreement or arrangement with any of the underwriters to provide any of such services during the 90 day period following the effective date of the registration statement related to this offering.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Dorsey & Whitney LLP, Salt Lake City, Utah. The underwriters have been represented by Loeb & Loeb LLP, New York, New York, in connection with this offering.

CHANGE IN ACCOUNTANTS

On July 14, 2011, we dismissed Child, Van Wagoner & Bradshaw, PLLC (“CVWB”) as our independent registered public accounting firm. CVWB audited the Company’s financial statements for the fiscal years ended March 31, 2011 and 2010. The reports of CVWB for the fiscal years ended March 31, 2011 and 2010 did not contain an adverse opinion, disclaimer of opinion, and they were not qualified or modified as to uncertainty, audit scope or accounting principles.

The Board approved the dismissal of CVWB. There were no disagreements between the Company and CVWB on any matter regarding accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the fiscal years ended March 31, 2011 and 2010 or any subsequent interim period preceding the date of dismissal, which disagreements, if not resolved to the satisfaction of CVWB, would have caused CVWB to make reference to the subject matter of the disagreements in connection with its reports.

There were no reportable events (as that term is used in Item 304(a)(1)(v) of Regulation S-K) between the Company and CVWB occurring during the fiscal years ended March 31, 2011 and 2010 or any subsequent interim period preceding the date of dismissal.

On July 14, 2011, we engaged Sadler, Gibb & Associates, LLC, Certified Public Accountants ("SGA"), as the Company's independent registered public accounting firm. The decision to engage SGA was approved by our Board. During the fiscal years ended March 31, 2011 and 2010 and during any subsequent interim period preceding the date of engagement, we did not consult with SGA regarding either:

- the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company nor was oral advice provided that SGA concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or

- any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in paragraph 304(a)(1)(v) of Regulation S-K.)

We disclosed this change of accountants in a Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2011. We provided a copy of the Current Report on Form 8-K to CVWB prior to its filing and requested that CVWB furnish a letter addressed to the Securities and Exchange Commission stating whether or not it agreed with the statements made in the report. CVWB furnished a letter confirming that it agreed with the statements made in the Current Report on Form 8-K, and we attached a copy of that letter to said Form 8-K as Exhibit 16.1.

EXPERTS

The consolidated financial statements of Profire Energy, Inc. at March 31, 2013 and 2012, and for each of the years then ended, appearing in this prospectus have been audited by Sadler, Gibb and Associates, LLC, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements contained in this prospectus as to the contents of any contract, agreement or other document are summaries of the material terms of that contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed or incorporated by reference as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may be obtained 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. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's website is http://www.sec.gov.

We file periodic reports and other information with the SEC. Such periodic reports 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.profireenergy.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 and other content contained on our website are not part of the prospectus.

PROFIRE ENERGY, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Profire Energy, Inc.

We have audited the accompanying consolidated balance sheets of Profire Energy, Inc. as of March 31, 2013 and 2012, and the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Profire Energy, Inc. as of March 31, 2013 and 2012, and the results of their operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Sadler, Gibb & Associates, LLC

Salt Lake City, UT
July 1, 2013

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PROFIRE ENERGY, INC. AND SUBSIDIARY
Consolidated Balance Sheets

ASSETS

	March 31, 2013	March 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	$ 808,772	$ 1,914,877
Accounts receivable, net	5,879,165	4,236,240
Marketable securities-available for sale	-	840
Inventories	3,463,614	1,968,740
Deferred tax asset	-	12,569
Prepaid expenses	1,967	10,202
Total Current Assets	10,153,518	8,143,468
PROPERTY AND EQUIPMENT, net	2,232,355	1,982,290
TOTAL ASSETS	$ 12,385,873	$ 10,125,758
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,499,330	$ 645,215
Accrued liabilities	189,489	251,137
Deferred income tax liability	72,857	-
Income taxes payable	161,550	597,830
Total Current Liabilities	1,923,226	1,494,182
TOTAL LIABILITIES	1,923,226	1,494,182
STOCKHOLDERS' EQUITY		
Preferred shares: $0.001 par value, 10,000,000 shares authorized: no shares issued and outstanding	-	-
Common shares: $0.001 par value, 100,000,000 shares authorized: 45,250,000 and 45,000,000 shares issued and outstanding, respectively	45,250	45,000
Additional paid-in capital	585,735	74,343
Accumulated other comprehensive income	371,466	484,692
Retained earnings	9,460,196	8,027,541
Total Stockholders' Equity	10,462,647	8,631,576
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,385,873	$ 10,125,758

The accompanying notes are a integral part of these consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Consolidated Statements of Operations and Other Comprehensive Income

	For the Years Ended March 31,	
	2013	2012
REVENUES		
Sales of goods, net	$ 15,740,546	$ 14,875,652
Sales of services, net	1,146,721	1,049,561
Total Revenues	16,887,267	15,925,213
COST OF SALES		
Cost of goods sold	7,034,703	6,170,073
Cost of goods sold-services	1,043,294	717,796
Total Cost of Goods Sold	8,077,997	6,887,869
GROSS PROFIT	8,809,270	9,037,344
OPERATING EXPENSES		
General and administrative expenses	3,798,075	2,752,451
Payroll expenses	2,656,762	1,757,855
Loss on sale of fixed assets	13,936	-
Depreciation expense	195,070	159,421
Total Operating Expenses	6,663,843	4,669,727
INCOME FROM OPERATIONS	2,145,427	4,367,617
OTHER INCOME (EXPENSE)		
Interest expense	-	(20,370)
Permanent impairment of available for sale securities	(8,438)	-
Rental income	629	3,600
Interest income	25,942	375
Total Other Income (Expense)	18,133	(16,395)
NET INCOME BEFORE INCOME TAXES	2,163,560	4,351,222
INCOME TAX EXPENSE	730,905	1,163,451
NET INCOME	$ 1,432,655	$ 3,187,771
OTHER COMPREHENSIVE INCOME		
UNREALIZED HOLDING LOSS ON AVALIABLE FOR SALE SECURITIES	$ -	$ (2,445)
LESS: RECLASSIFICATION ADJUSTMENT FOR NET LOSS INCLUDED IN NET INCOME	8,438	-
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(121,664)	(147,061)
TOTAL COMPREHENSIVE INCOME	$ 1,319,429	$ 3,038,265
BASIC EARNINGS PER SHARE	$ 0.03	$ 0.07
FULLY DILUTED EARNINGS PER SHARE	$ 0.03	$ 0.07
BASIC WEIGHTED AVERAGE NUMBEROF SHARES OUTSTANDING	45,109,767	45,000,000
FULLY DILUTED WEIGHTED AVERAGE NUMBEROF SHARES OUTSTANDING	45,371,956	45,218,238

The accompanying notes are a integral part of these consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity

	Common Stock		Additional Paid-In	Other Comprehensive	Retained	Total Stockholders'
	Shares	Amount	Capital	Income	Earnings	Equity
Balance, March 31, 2011	45,000,000	45,000	(6,187)	634,198	4,839,770	5,512,781
Fair value of options vested	-	-	80,530	-	-	80,530
Unrealized holding losses on available for sale securities	-	-	-	(2,445)	-	(2,445)
Foreign currency translation	-	-	-	(147,061)	-	(147,061)
Net Income for the year ended March 31, 2012	-	-	-	-	3,187,771	3,187,771
Balance, March 31, 2012	45,000,000	45,000	74,343	484,692	8,027,541	8,631,576
Fair value of options vested	-	-	166,187	-	-	166,187
Stock issued for services	250,000	250	345,205	-	-	345,455
Reclassification for net loss included in net income	-	-	-	8,438		8,438
Foreign currency translation adjustment	-	-	-	(121,664)	-	(121,664)
Net Income for the year ended March 31, 2013	-	-	-	-	1,432,655	1,432,655
Balance, March 31, 2013	45,250,000	$ 45,250	$ 585,735	$ 371,466	$ 9,460,196	$ 10,462,647

The accompanying notes are a integral part of these consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows

	For the Years Ended March 31, 2013	2012
OPERATING ACTIVITIES		
Net Income	$ 1,432,655	$ 3,187,771
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	243,838	198,707
Loss on sale of equipment	13,936	-
Bad debt expense	69,975	46,203
Stock issued for services	345,455	-
Stock options issued for services	166,187	80,530
Changes in operating assets and liabilities:		
Changes in accounts receivable	(1,494,660)	(2,049,959)
Changes in deferred tax asset	12,569	-
Changes in inventories	(1,528,107)	(703,223)
Changes in prepaid expenses	8,218	(9,341)
Changes in accounts payable and accrued liabilities	736,341	498,981
Changes in income taxes payable	(376,999)	354,466
Net Cash Provided by (Used in) Operating Activities	(370,592)	1,604,135
INVESTING ACTIVITIES		
Proceeds from sale of equipment	13,770	-
Purchase of fixed assets	(550,622)	(1,487,628)
Net Cash Used in Investing Activities	(536,852)	(1,487,628)
FINANCING ACTIVITIES	-	-
Effect of exchange rate changes on cash	(198,661)	108,984
NET INCREASE (DECREASE) IN CASH	(1,106,105)	225,491
CASH AT BEGINNING OF YEAR	1,914,877	1,689,386
CASH AT END OF YEAR	$ 808,772	$ 1,914,877
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ -	$ 20,370
Income taxes	$ 294,625	$ 703,622

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Profire Energy, Inc. and Subsidiary ("the Company") is presented to assist in understanding the Company's financial statements. The Company's accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP). On September 30, 2008, The Flooring Zone, Inc. ("the Parent") entered into an Acquisition Agreement with Profire Combustion, Inc. and the stockholders of Profire Combustion, Inc. ("the Subsidiary"), subject to customary closing conditions. All conditions for closing were satisfied or waived and the transaction closed on October 9, 2008.

Pursuant to the terms and conditions of the Acquisition Agreement, 35,000,000 shares of restricted common stock of the Company were issued to the three stockholders of Profire Combustion, Inc., in exchange for all of the issued and outstanding shares of the Subsidiary. As a result of the transaction, Profire Combustion, Inc. became a wholly-owned subsidiary of the Parent and the stockholders of the Subsidiary became the controlling stockholders of the Company. For accounting purposes, the Subsidiary is considered the accounting acquirer, and the historical Balance Sheets, Statements of Operations and Other Comprehensive Income, and Statement of Cash Flow of the Subsidiary are presented as those of the Company. The historical equity information is that of Profire Combustion, Inc., the accounting acquiree. The recapitalization required pursuant to this merger resulted in a negative additional paid-in capital balance.

Organization and Line of Business

The Parent was incorporated on May 5, 2003 in the State of Nevada. The Subsidiary was incorporated on March 6, 2002 in the province of Alberta, Canada.

The Company provides products and services for burners and heaters for the oil and gas extraction industry in the Canadian and U.S. markets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reportable amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include our wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated.

Basic and Diluted Earnings Per Share

The computation of basic earnings per share of common stock is based on the weighted average number of shares outstanding during the periods presented using the treasury stock method. The computation of fully diluted earnings per share includes common stock equivalents outstanding at the balance sheet date. The Company had 267,135 and 218,238 stock options included in the fully diluted earnings per share as of March 31, 2013 and 2012 respectively. Basic earnings per share for the years ended March 31, 2013 and 2012 are as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	For the Years Ended March 31,	
	2013	2012
Net income applicable to common shareholders	$ 1,432,655	$ 3,187,771
Weighted average shares outstanding	45,109,767	45,000,000
Weighted average fully diluted shares outstanding	45,371,956	45,218,238
Basic earnings per share	$ 0.03	$ 0.07
Fully diluted earnings per share	$ 0.03	$ 0.07

Foreign Currency and Comprehensive Income

The Company's functional currency is the Canadian Dollar (CAD). The financial statements of the Company were translated to U.S. Dollars (USD) using year-end exchange rates for the balance sheet, and average exchange rates for the statements of operations. Equity transactions were translated using historical rates. The period-end exchange rates of 0.982898 and 1.00274 were used to convert the Company's March 31, 2013 and 2012 balance sheets, respectively, and the statements of operations used weighted average rates of 0.982898 and 1.0075 for the years ended March 31, 2013 and 2012, respectively. All amounts in the financial statements and footnotes are presumed to be stated in USD, unless otherwise identified. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Statement of Operations and Comprehensive Income.

Accounting Method and Fiscal Year

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a fiscal year ending on March 31.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and all debt securities with an original maturity of 90 days or less. As of March 31, 2013 and 2012, cash and cash equivalents totaled $808,772 and $1,914,877, respectively. These deposits were insured by insurance accounts held by the Company's banks guaranteed by the Province of Alberta, Canada and the FDIC.

Accounts Receivable

Receivables from the sale of goods and services are stated at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts. The allowance is calculated based on past collectability and customer relationships. The Company recorded an allowance for doubtful accounts of $133,974 and $65,110 as of March 31, 2013 and 2012, respectively.

Inventories

In accordance with ARB No. 43 *"Inventory Pricing,"* the Company's inventory is valued at the lower of cost (the purchase price, including additional fees) or market based on using the entire value of inventory. Inventories are determined based on the average cost basis. Inventory consists of finished goods held for sale. As of March 31 inventory consisted of the following:

	March 31, 2013	March 31, 2012
Raw materials	$ -	$ -
Finsished goods	3,553,140	2,026,108
Work in process	-	-
Subtotal	3,553,140	2,026,108
Reserve for obselesence	(89,526)	(57,368)
Total	$ 3,463,614	1,968,740

Marketable Securities

The Company reports its investments in marketable securities under the provisions of ASC 320, *Investments in Debt and Equity Securities.* All the Company's marketable securities are classified as "available for sale" securities, as the market value of the securities are readily determinable and the Company's intention upon obtaining the securities was neither to sell them in the short term nor to hold them to maturity. Pursuant to ASC 320, securities which are classified as "available for sale" are recorded on the Company's balance sheet at fair market value, with the resulting unrealized holding gains and losses excluded from earnings and reported as other comprehensive income until realized.

The Company evaluates securities for other-than-temporary impairment at least on a yearly basis, and more frequently when economic or market conditions warrant such evaluation. Consideration is given to the length of time and amount of the loss relative to cost, the nature and financial condition of the issuer and the ability and intent of the Company to hold the investment for a time sufficient to allow any anticipated recovery in fair value. Pursuant to ASC 320-5, other than temporary impairment losses are recorded as impairment expense in the statement of operations during the period in which the impairment is determined. The Company recognized other-than-temporary impairment to marketable securities in the amount of $8,438 and $-0- during the years ended March 31, 2013 and 2012, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

We periodically review the carrying amount of our long-lived assets for impairment. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is not considered recoverable, the asset is adjusted to its fair value. Fair value is generally determined based on discounted future cash flow. There were no impairments of long-lived assets during the years ended March 31, 2013 and 2012.

Revenue Recognition

The Company records sales when a firm sales agreement is in place, delivery has occurred or services have been rendered, and collectability of the fixed or determinable sales price is reasonably assured. If customer acceptance of products is not assured, the Company records sales only upon formal customer acceptance.

Cost of Sales

The Company includes product costs (i.e. material, direct labor and overhead costs), shipping and handling expense, production-related depreciation expense and product license agreement expense in cost of sales.

Advertising Costs

The Company classifies expenses for advertising as general and administrative expenses. The Company incurred advertising costs of $98,222 and $29,210 during the years ended March 31, 2013 and 2012, respectively.

Stock-Based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payment." which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company uses the Black-Scholes pricing model for determining the fair value of stock based compensation.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Sales to the Company's four largest customers approximated 37% and 52% of total sales for the years ended March 31, 2013, and 2012, respectively.

Income Taxes

The Parent is subject to U.S. income taxes on a stand-alone basis. The Parent and its Subsidiary file separate stand-alone tax returns in each jurisdiction in which they operate. The Subsidiary is a corporation operating in Canada and is subject to Canadian income taxes on its stand-alone taxable income. The effective rates of income tax are 35.7% and 27.6% for the years ended March 31, 2013 and 2012, respectively.

The Company utilizes an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes are provided for temporary differences in the basis of assets and liabilities as reported for financial statement and income tax purposes. Deferred income taxes reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings, if any. The Company makes estimates and judgments in determining the need for a provision for income taxes, including the estimation of our taxable income for each full fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development

All costs associated with research and development are expensed when incurred. Costs incurred for research and development were $315,045 and $164,400 for the years ended March 31, 2013 and 2012 respectively.

Shipping and Handling Fees and Costs

The Company records all amounts billed to customers related to shipping and handling fees as revenue. The Company classifies expenses for shipping and handling costs as cost of goods sold. The Company incurred shipping and handling costs of $299,864 and $189,611 during the years ended March 31, 2013 and 2012, respectively.

Comprehensive Income

Comprehensive income includes net income as currently reported by the Company adjusted for other comprehensive items. Other comprehensive items for the Company consist of foreign currency translation gains and losses and unrealized holding gains and losses on available for sale securities.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation on property and equipment is computed using the diminishing balance method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Assets	Estimated useful life
Furniture and fixtures	5 Years
Machinery and equipment	5 Years
Buildings	25 Years
Vehicles	3 Years
Computers	3 Years

Property and equipment consisted of the following as of March 31, 2013 and 2012:

	2013	2012
Office furniture and equipment	$ 360,008	$ 258,127
Service and shop equipment	391,780	314,875
Vehicles	431,255	251,107
Land and buildings	1,760,247	1,721,561
Total property and equipment	2,943,290	2,545,673
Accumulated depreciation	(710,935)	(563,383)
Net property and equipment	$ 2,232,355	$ 1,982,290

NOTE 2 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended March 31, 2013 and 2012 are as follows:

	Years Ended March 31,	
	2013	2012
Costs of goods sold	$ 48,768	$ 39,286
General and administrative	195,070	159,421
Total	$ 243,838	$ 198,707

NOTE 3 – STOCKHOLDERS' EQUITY

The Company had the following $0.001 par value authorized stock:

Preferred Stock 10,000,000 shares.
Common Stock 100,000,000 shares.

During the year ended March 31, 2013, the Company issued 250,000 shares of its common stock for services valued at $345,455. As of March 31, 2013 and 2012, the Company had issued 45,250,000 and 45,000,000 shares of common stock, respectively.

NOTE 4 – PROVISION FOR INCOME TAXES

Reconciliation of U.S. Federal/Canadian Statutory Income Tax Rate to Effective Income Tax Rate:

	March 31, 2013	March 31, 2012
United States statutory income tax rate	35.0%	35.0%
Increase (decrease) in valuation allowance	0.6	(7.5)
Decreae in rate on income subject to Canadian income tax rates	-	-
Increase (decrease) in rate resulting from non-deductible expenses and deductible adjustments	0.1	0.1
	0.7	(7.4)
Effective income tax rate	35.7%	27.6%

Components of Income Tax Expense	March 31, 2013	March 31, 2012
Federal U.S. Income Taxes		
-Current	$ 30,874	$ -
-Deferred	72,857	17,791
Foreign (Canadian and Provincial) Income Taxes	623,438	1,176,020
State Income Taxes		
-Current	3,736	-
-Deferred	-	(30,360)
Total Income Tax Expense	$ 730,905	$ 1,163,451

The following are temporary items: non-deductible write-down of marketable securities, increase or decrease in rate resulting from depreciation and loss on equipment for book purposes in excess of depreciation for income tax purposes. These temporary differences are insignificant, for 2013 and 2012.

NOTE 4 – PROVISION FOR INCOME TAXES (CONTINUED)

The Company adopted the provisions of ASC 740, Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of ASC 740, the Company recognized approximately no increase in the liability for unrecognized tax benefits.

The Company has no tax positions at March 31, 2013 and 2012 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended March 31, 2013 and 2012, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at March 31, 2013 and 2012.

Net deferred tax liability arising from the accelerated depreciation claimed by the Parent on its stand-alone tax return is $72,857, as of March 31, 2013. Net deferred tax assets arising from the warrant expense accrual as offset by the accelerated depreciation claimed by the Parent on its stand-alone tax returns is $12,569 as of March 31, 2012.

NOTE 5 – AVAILABLE FOR SALE SECURITIES

The following table sets forth the available for sale securities held by the Company as of March 31, 2013:

Company name	Symbol	Shares	Market Value (USD) as of 3/31/13	Fair market value (USD)
Copper King Mining Corporatoin	CPRK	5,000	$ 0.000	$ -
Deep Blue Marine Inc.	DPBE	120,000	$ 0.000	-
				$ -

The following table sets forth the available for sale securities held by the Company as of March 31, 2012:

Company name	Symbol	Shares	Market Value (USD) as of 3/31/12	Fair market value (USD)
Copper King Mining Corporatoin	CPRK	5,000	$ 0.000	$ -
Deep Blue Marine Inc.	DPBE	120,000	$ 0.001	835
				$ 835

During the year ended March 31, 2013 the Company recognized a permanent impairment of the cost of its available for sale securities in the amount of $8,438.

NOTE 6 – SEGMENT INFORMATION

The Company operates in the United States and Canada. Segment information for these geographic areas is as follows:

Sales	2013	2012
Canada	$ 10,977,476	$ 15,055,543
United States	5,909,791	869,670
Total	$ 16,887,267	$ 15,925,213

Long-lived assests	2013	2012
Canada	$ 1,560,869	$ 1,596,209
United States	671,486	386,081
Total	$ 2,232,355	$ 1,982,290

NOTE 7 – COMMON STOCK PURCHASE OPTIONS

On October 28, 2009, the Company issued a total of 410,000 stock purchase options exercisable for the purchase of its common stock at $0.40 per share. The options were issued to key employees. The options vest 1/3 each year for 3 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of October 28, 2009: dividend yield of zero percent; expected volatility of 127%; risk-free interest rates of 1.35% and expected life of 3.0 years. The Company recognized $18,436 and $40,224 in expense for the fair value of the options vesting during 2013 and 2012, respectively.

On February 15, 2011, the Company issued a total of 600,000 stock purchase options exercisable for the purchase of its common stock at $0.30 per share. The options were issued to key employees. The options vest over 1/5 each year for 5 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of February 15, 2011: dividend yield of zero percent; expected volatility of 254%; risk-free interest rates of 2.02% and expected life of 2.5 years. The Company recognized $40,702 and $40,306 in expense for the fair value of the options vesting during 2013 and 2012, respectively.

On September 27, 2012, the Company issued a total of 820,000 stock purchase options exercisable for the purchase of its common stock at $1.25 per share. The options were issued to key employees. The options vest over 1/5 each year for 5 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of September 27, 2012: dividend yield of zero percent; expected volatility of 191%; risk-free interest rates of 2.37% and expected life of 2.5 years. The Company recognized $106,501 and $-0- in expense for the fair value of the options vesting during 2013 and 2012, respectively.

A summary of the status of the Company's stock option plans as of March 31, 2013 and 2012 and the changes during the period are presented below:

	2013	2012
Unexercised options, beginning of year	1,010,000	1,010,000
Stock options issued during the year	820,000	-
Stock options canceled	(25,000)	-
Stock options expired	-	-
Stock options exercised	-	-
Unexercised options, end of year	1,805,000	1,010,000
Exercisable options, end of year	650,000	393,334

The following table summarizes information about the stock options as of March 31, 2013:

Outstanding Options					
Range of Exercise Prices	Shares	Wtd. Avg. Remaining Contractual Life (years)	Wtd. Avg. Exercise Price	Aggregate Intrinsic Value
$ 0.40	410,000	1.46	$ 0.40	$ 164,000
$ 0.30	600,000	3.88	0.30	180,000
$ 1.25	795,000	5.49	1.25	993,750
	1,805,000	4.04	$ 0.74	$ 1,337,750

NOTE 7 – COMMON STOCK PURCHASE OPTIONS (CONTINUED)

The following table summarizes information about the exercisable stock options as of March 31, 2013:

Exercisable Options					
Range of Exercise Prices	Shares	Wtd. Avg. Remaining Contractual Life (years)	Wtd. Avg. Exercise Price	Aggregate Intrinsic Value	
$ 0.40	410,000	1.46	$ 0.40	$	164,000
$ 0.30	240,000	3.88	0.30		72,000
$ 1.25	-	5.49	1.25		-
	650,000	2.35	$ 0.36	$	236,000

The following table summarizes information about non-vested options as of the year ended March 31, 2013:

	Options	Wtd. Avg. Grant Date Fair Value
Non-vested at March 31, 2012	616,666	$ 0.34
Stock options issued during the year	795,000	1.25
Vest during the year ended March 31, 2013	(256,666)	0.74
Non-vested at March 31, 2013	1,155,000	$ 0.34

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Line of Credit

The Company had a $400,000 revolving credit line with a local banking institution that it uses from time to time to satisfy short-term fluctuations in cash flows. At March 31, 2013 and 2012 the Company had $-0- outstanding on the line of credit. Subsequent to year end, the line of credit was closed.

Operating Lease

On February 12, 2012 the Company entered into a lease for office space in Houston, Texas. The lease term extends through January 31, 2014 at $1,463 per month. Future lease obligations are as follows:

2014	$ 14,625
Total	$ 14,625

Royalties

The Company paid royalties of $736,414 and $768,647 for the years ended March 31, 2013 and 2012, respectively. Future royalties are estimated to be $400,000 per year with negotiations in process. Royalties are paid on certain company products, to which an outside contractor was used during development. The royalties are paid on a quarterly basis.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with ASC 855, management evaluated the subsequent events through the date the financial statements were issued and has no material events to report.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Balance Sheets

ASSETS

	December 31 2013 (Unaudited)	March 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 5,732,530	$ 808,772
Accounts receivable, net	8,481,074	5,879,165
Inventories	6,963,230	3,463,614
Prepaid expenses	46,937	1,967
Total Current Assets	21,223,771	10,153,518
PROPERTY AND EQUIPMENT, net	2,543,551	2,232,355
TOTAL ASSETS	$ 23,767,322	$ 12,385,873
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 2,050,748	$ 1,499,330
Accrued liabilities	96,213	189,489
Deferred income tax liability	116,607	72,857
Income taxes payable	1,220,717	161,550
Total Current Liabilities	3,484,285	1,923,226
TOTAL LIABILITIES	3,484,285	1,923,226
STOCKHOLDERS' EQUITY		
Preferred shares: $0.001 par value,10,000,000 shares authorized: no shares issued and outstanding	-	-
Common shares: $0.001 par value, 100,000,000 shares authorized: 47,836,428 and 45,250,000 shares issued and outstanding, respectively	47,837	45,250
Additional paid-in capital	5,912,516	585,735
Accumulated other comprehensive income/(loss)	(7,351)	371,466
Retained earnings	14,330,035	9,460,196
Total Stockholders' Equity	20,283,037	10,462,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 23,767,322	$ 12,385,873

The accompanying notes are a integral part of these condensed consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

	For the Three Months Ended December		For the Nine Months Ended December	
	2013	2012	2013	2012
REVENUES				
Sales of goods, net	$ 8,999,070	$ 3,176,627	$ 24,778,093	$ 10,724,586
Sales of services, net	531,767	364,434	1,276,780	873,341
Total Revenues	9,530,837	3,541,061	26,054,873	11,597,927
COST OF SALES				
Cost of goods sold-product	3,894,002	1,050,966	10,169,122	4,329,037
Cost of goods sold-services	418,594	313,442	919,041	697,474
Total Cost of Goods Sold	4,312,596	1,364,408	11,088,163	5,026,511
GROSS PROFIT	5,218,241	2,176,653	14,966,710	6,571,416
OPERATING EXPENSES				
General and administrative expenses	1,977,911	1,339,676	4,076,226	3,135,668
Research and development	139,691	38,472	390,710	148,865
Payroll expenses	946,878	1,144,024	2,712,947	1,845,679
Depreciation expense	78,685	116,678	205,610	227,604
Total Operating Expenses	3,143,165	2,638,850	7,385,493	5,357,816
INCOME FROM OPERATIONS	2,075,076	(462,197)	7,581,217	1,213,600
OTHER INCOME (EXPENSE)				
Interest expense	-	(4,493)	(10,567)	(13,171)
Gain on disposal of fixed assets	-	-	1,617	-
Rental income	311	-	2,501	-
Interest income	1,544	13,074	9,910	21,389
Total Other Income (Expense)	1,855	8,581	3,461	8,218
NET INCOME BEFORE INCOME TAXES	2,076,931	(453,616)	7,584,678	1,221,818
INCOME TAX EXPENSE	870,625	(127,347)	2,714,839	337,222
NET INCOME	$ 1,206,306	$ (326,269)	$ 4,869,839	$ 884,596
FOREIGN CURRENCY TRANSLATION GAIN (LOSS)	$ (178,593)	$ (449,470)	(378,817)	(229,852)
TOTAL COMPREHENSIVE INCOME	$ 1,027,713	$ (775,739)	$ 4,491,022	$ 654,744
BASIC EARNINGS PER SHARE	$ 0.03	$ (0.01)	$ 0.11	$ 0.02
FULLY DILUTED EARNINGS PER SHARE	$ 0.03	$ (0.01)	$ 0.11	$ 0.02
BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	46,560,913	45,155,000	45,705,105	45,088,400
FULLY DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	46,973,885	45,155,000	46,118,077	45,357,724

The accompanying notes are a integral part of these condensed consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended December 31	
	2013	2012
OPERATING ACTIVITIES		
Net Income	$ 4,869,839	$ 884,596
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	246,542	225,076
Gain on the disposal of fixed assets	(1,617)	-
Common stock issued for services	28,350	208,750
Bad debt expense	-	69,995
Stock options issued for services	849,531	148,648
Changes in operating assets and liabilities:		
Changes in accounts receivable	(2,749,328)	(642,358)
Changes in inventories	(3,572,120)	(1,493,076)
Changes in prepaid expenses	(44,970)	8,231
Changes in accounts payable and accrued liabilities	519,060	1,031,985
Changes in income taxes payable	1,108,388	(132,932)
Net Cash Provided by Operating Activities	1,253,675	308,915
INVESTING ACTIVITIES		
Proceeds from disposal of equipment	33,910	-
Purchase of fixed assets	(654,057)	(474,381)
Net Cash Used in Investing Activities	(620,147)	(474,381)
FINANCING ACTIVITIES		
Stock issued	4,332,975	-
Stock issued in exercise of stock options	118,512	-
Net Cash Used in Financing Activities	4,451,487	-
Effect of exchange rate changes on cash	(161,257)	(264,802)
NET INCREASE IN CASH	4,923,758	(430,268)
CASH AT BEGINNING OF PERIOD	808,772	1,914,877
CASH AT END OF PERIOD	$ 5,732,530	$ 1,484,609
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ 10,567	$ 13,171
Income taxes	$ 1,655,672	$ 513,245

The accompanying notes are a integral part of these condensed consolidated financials statements.

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 2013 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's March 31, 2013 audited financial statements. The results of operations for the periods ended December 31, 2013 and 2012 are not necessarily indicative of the operating results for the full years.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Reclassification
Certain balances in previously issued financial statements have been reclassified to be consistent with the current period presentation.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, cash and cash equivalents include cash and all debt securities with an original maturity of 90 days or less. As of December 31, 2013 and March 31, 2013, bank balances included $5,732,530 and $808,772, respectively, held by the Company’s banks. Of the bank balances, $3,471,361and $0 was not guaranteed by the Province of Alberta, Canada and the FDIC.

Accounts Receivable
Receivables from the sale of goods and services are stated at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts. The allowance is calculated based on past collectability and customer relationships. The Company recorded an allowance for doubtful accounts of $124,869 and $133,974 as of December 31, 2013 and March 31, 2013, respectively.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

In accordance with ASC 330, the Company's inventory is valued at the lower of cost (the purchase price, including additional fees) or market based on using the entire value of inventory. Inventories are determined based on the average cost basis. As of December 31, 2013 and March 31, 2013 inventory consisted of the following:

	December 30, 2013	March 31, 2013
Raw materials	$ -	$ -
Finished goods	7,051,138	3,553,140
Work in process	-	-
Subtotal	7,051,138	3,553,140
Reserve for obsolescence	(87,908)	(89,526)
Total	$ 6,963,230	3,463,614

Revenue Recognition

The Company records sales when a firm sales agreement is in place, delivery has occurred or services have been rendered, and collectability of the fixed or determinable sales price is reasonably assured. If customer acceptance of products is not assured, the Company records sales only upon formal customer acceptance.

Income Taxes

The Company is subject to U.S. and Canadian income taxes, respectively, on its U.S. and Canadian income with a credit provided for foreign taxes paid. The combined effective rates of income tax expense (benefit) in the U.S. and Canada are, respectively, 35% and 28% for the nine months ended December 31, 2013 and 2012, respectively.

Basic and Diluted Earnings Per Share

The computation of basic earnings per share of common stock is based on the weighted average number of shares outstanding during the periods presented. The computation of fully diluted earnings per share includes common stock equivalents outstanding at the balance sheet date. The Company had 629,350 and 530,000 stock options included in the fully diluted earnings per share as of December 31, 2013 and 2012, respectively. The Company uses the treasury stock method to calculate the dilutive effects of stock options and warrants.

	For the Nine Months Ended December 31,	
	2013	2012
Net income applicable to common shareholders	$ 4,869,839	$ 884,596
Weighted average shares outstanding	45,705,105	45,088,400
Weighted average fully diluted shares outstanding	46,118,077	45,357,724
Basic earnings per share	$ 0.11	$ 0.02
Fully diluted earnings per share	$ 0.11	$ 0.02

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency and Comprehensive Income

The Company's functional currencies are the United States dollar (USD) and the Canadian dollar (CAD), the reporting currency is USD. All transactions initiated in other currencies are translated into the reporting currency in accordance with ASC830-20, "Foreign Currency Matters – Foreign Currency Transactions". The period-end exchange rates of 0.940531 and 0.982898 were used to convert the Company's December 31, 2013 and March 31, 2013 balance sheets, respectively, and the statements of operations used weighted average rates of 0.64101 and 1.02760 for the nine months ended December 31, 2013 and 2012, respectively. All amounts in the financial statements and footnotes are presumed to be stated in USD, unless otherwise identified. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Statement of Operations and Other Comprehensive Income.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, or statements.

Stock-Based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payment's" which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company uses the Black-Scholes options pricing model for determining the fair value of stock-based compensation.

NOTE 3 – FAIR VALUE MEASUREMENT

The Company measures its cash equivalents and marketable securities at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be derived from observable market data. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and credit ratings.

Level 3 - Unobservable inputs that are supported by little or no market activities.

NOTE 3 – FAIR VALUE MEASUREMENT (CONTINUED)

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

NOTE 4 – SEGMENT INFORMATION

The Company operates in the United States and Canada. Segment information for these geographic areas is as follows:

Sales	For the Three Months Ended December 31 2013	2012
Canada	$ 4,288,155	$ 2,386,091
United States	5,242,682	1,154,970
Total	$ 9,530,837	$ 3,541,061

Long-lived assists	December 31, 2013	March 31, 2013
Canada	$ 1,424,129	$ 1,583,613
United States	1,119,422	648,742
Total	$ 2,543,551	$ 2,232,355

NOTE 5 – COMMON STOCK PURCHASE OPTIONS

On October 28, 2009, the Company issued a total of 410,000 stock purchase options exercisable for the purchase of its common stock at $0.40 per share. The options were issued to key employees. The options vest 1/3 each year for 3 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of October 28, 2009: dividend yield of zero percent; expected volatility of 127%; risk-free interest rates of 1.35% and expected life of 3.0 years. The Company recognized $0 and $18,436 in expense for the fair value of the options vesting during the nine months ending December 31, 2013 and 2012, respectively.

On February 15, 2011, the Company issued a total of 600,000 stock purchase options exercisable for the purchase of its common stock at $0.30 per share. The options were issued to key employees. The options vest 1/5 each year for 5 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of February 15, 2011: dividend yield of zero percent; expected volatility of 254%; risk-free interest rates of 2.02% and expected life of 2.5 years. The Company recognized $30,897 and $30,897 in expense for the fair value of the options vesting during nine months ending December 31, 2013 and 2012, respectively.

NOTE 5 – COMMON STOCK PURCHASE OPTIONS (CONTINUED)

On March 6, 2012, the Company approved a grant of 820,000 stock purchase options exercisable for the purchase of its common stock at 85% of approval date fair market value. The options were issued to key employees. The options vest 1/5 each year for 5 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The exercise price was determined as of September 27, 2012, the date the options were executed. The following weighted average assumptions used for grants as of September 27, 2012: dividend yield of zero percent; expected volatility of 191%; risk-free interest rates of 2.37% and expected life of 2.5 years. The Company recognized $216,948 and $1,729 in expense for the fair value of the options vesting during nine months ending December 31, 2013 and 2012, respectively.

On December 17, 2013, the Company changed the strike price per share, of the options approved March 6, 2012, to $1.75, reflecting 100% of the approval date value, as required under applicable tax law. The Company accelerated the terms, to reflect the Board approval date, and recognized an extra $58,487 in expense during the three months ended December 31, 2013 and will recognize an additional $59,063 in expense during the three months ending March 31, 2013.

On April 18, 2013, the Company approved a grant of 1,183,000 stock purchase options exercisable for the purchase of its common stock at 85% of approval date fair market value. The options were issued to key employees. The options vest 1/5 each year for 5 years. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The exercise price was determined as of August 21, 2013, the date the options were executed. The following weighted average assumptions used for grants as of August 21, 2013: dividend yield of zero percent; expected volatility of 179%; risk-free interest rates of 1.64% and expected life of 2.5 years. The Company recognized $208,454 and $-0- in expense for the fair value of the options vesting during the nine months ended December 31, 2013 and 2012, respectively.

On December 17, 2013, the Company changed the strike price per share, of the options approved April 18, 2013, to $1.37, reflecting 100% of the approval date value, as required under applicable tax law. The Company accelerated the terms, to reflect the Board approval date, and recognized an extra $66,398 in expense during the three months ended December 31, 2013 and will recognize an additional $68,553 in expense during the three months ending March 31, 2013.

On July 31, 2013, the Company approved a grant of 100,000 stock purchase options exercisable for the purchase of its common stock. The options were issued for director compensation. The options vest 1/2 upon execution and 1/2 after 1 year. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The exercise price was determined as of July 31, 2013, the date the options were executed. The following weighted average assumptions used for grants as of August 21, 2013: dividend yield of zero percent; expected volatility of 179%; risk-free interest rates of 1.64% and expected life of 2.5 years. The Company recognized $117,989 and $-0- in expense for the fair value of the options vesting during the nine months ended December 31, 2013 and 2012, respectively.

NOTE 5 – COMMON STOCK PURCHASE OPTIONS (CONTINUED)

On November 7, 2013, the Company approved a total of 200,000 stock purchase options exercisable for the purchase of its common stock at $3.85 per share. The options were issued to members of the Board of Directors. The options vest 1/2 upon execution and 1/2 after 1 year. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. The following weighted average assumptions used for grants as of November 7, 2013: dividend yield of zero percent; expected volatility of 175%; risk-free interest rates of 1.31% and expected life of 2.5 years. The Company recognized $274,399 and $-0- in expense for the fair value of the options vesting during 2013 and 2012, respectively.

A summary of the status of the Company's stock option plans as of December 31, 2013 and 2012 and the changes during the nine months are presented below:

	2013	2012
Unexercised options, beginning of year	1,805,000	1,010,000
Stock options issued during the nine months ended December 31,	1,483,000	820,000
Stock options canceled	(5,000)	(25,000)
Stock options expired	-	-
Stock options exercised	(307,125)	-
Unexercised options, December 31	2,975,875	1,805,000
Exercisable options, December 31	629,375	650,000

The following table summarizes information about the stock options as of December 31, 2013:

Outstanding Options					
Range of Exercise Prices	Shares	Wtd. Avg. Remaining Contractual Life (years)	Wtd. Avg. Exercise Price	Aggregate Intrinsic Value
$ 0.40	250,025	0.71	$ 0.40	$ 100,010
0.30	460,000	3.13	0.30	138,000
1.75	785,350	4.18	1.75	1,374,363
1.37	1,180,500	5.30	1.37	1,617,285
1.37	100,000	5.58	1.37	137,000
$ 3.85	200,000	5.85	3.85	770,000
	2,975,875	4.33	$ 1.39	$ 4,136,658

NOTE 5 – COMMON STOCK PURCHASE OPTIONS (CONTINUED)

The following table summarizes information about the exercisable stock options as of December 31, 2013:

Exercisable Options				
Range of Exercise Prices	Shares	Wtd. Avg. Remaining Contractual Life (years)	Wtd. Avg. Exercise Price	Aggregate Intrinsic Value
$ 0.40	250,025	0.71	$ 0.40	$ 100,010
0.30	100,000	3.13	0.30	30,000
1.75	129,350	4.18	1.75	226,363
1.37	-	5.30	1.37	-
1.37	50,000	5.58	1.37	68,500
$ 3.85	100,000	5.85	3.85	385,000
	629,375	3.01	$ 1.29	$ 809,873

The following table summarizes information about non-vested options as of the nine months ended December 31, 2013:

	Options	Wtd. Avg. Grant Date Fair Value
Non-vested at March 31, 2013	1,155,000	$ 0.95
Stock options issued during the nine months	1,478,000	1.71
Vest during the nine months ended December 31, 2013	(286,500)	2.42
Non-vested at December 31, 2013	2,346,500	$ 1.42

NOTE 6 – STOCKHOLDERS' EQUITY

On November 18, 2013, the Company completed an equity offering of 2,259,393 shares of restricted Common Stock and received proceeds of $4,332,975, which is net of $592,501 in underwriting discounts, commission and direct costs incurred and paid by the Company in connection with this equity offering.

NOTE 7 – SUBSEQUENT EVENTS

In accordance with ASC 855, the Company's management has evaluated the subsequent events through the date the financial statements were issued and has found no subsequent events to report.

PROFIRE ENERGY, INC.

SHARES OF COMMON STOCK

PROSPECTUS

Joint Book-Running Managers

Maxim Group LLC **Chardan Capital Markets, LLC**

, 2014

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following are the estimated expenses in connection with the distribution of the securities being registered:

Securities and Exchange Commission registration fee	$ 4,443.600
FINRA filing fee	$ 3,300
Legal fees	$ 100,000
Accounting fees and expenses	$ 20,000
Printing and other expenses	$ 4,000
Total	$ 131,743.60

All expenses, except the SEC fees, are estimates.

The selling stockholders will not bear any portion of the foregoing expenses, but will pay fees in connection with the sale of the common stock in those transactions completed to or through securities brokers and/or dealers in the form of markups, markdowns, or commissions.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under the Nevada General Corporation Law, we can indemnify our directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Our Articles of Incorporation provide for indemnification to the fullest extent permitted by Nevada law. Specifically, our Articles provide that no director or officer of the Company shall be personally liable to the Company or any of its stockholders for damages for breach of fiduciary duty as a director or officer; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director or officer (i) for acts or omissions which involve intentional misconduct, fraud or knowing violation of law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal or modification of an Article by the stockholders of the Company shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director or officer of the Company for acts or omissions prior to such repeal or modification.

We have entered into indemnification agreements with our executive officers and directors indemnifying such officers and directors, to the fullest extent permitted by law, in relation to any event or occurrence related to the fact that such officer or director is or was a director, officer, employee, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise by reason of any action or inaction on the part of such officer or director serving in any capacity set forth in this paragraph. We also maintains a policy of liability insurance for our officers and directors.

We have been advised that, in the opinion of the SEC, any indemnification for liabilities arising under the Securities Act of 1933 is against public policy, as expressed in the Securities Act, and is, therefore, unenforceable.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On November 12, 2013, we entered into a purchase agreement with various institutional and individual accredited investors to raise gross proceeds of approximately $4.7 million in a private placement of 2,172,405 shares of our common stock at a per share price of $2.18 (the "Private Placement").

On November 18, 2013, we completed the Private Placement. We received net proceeds of approximately $4.2 million from the Private Placement, after paying placement agent fees and estimated offering expenses, which we will use to fund our growth initiatives and for working capital purposes.

Chardan Capital Markets and Maxim Group LLC (the "Placement Agents") acted as co-Placement Agents for the Offering. Profire paid 8% of the aggregate gross proceeds to the Placement Agents, to be split equally between them. In addition, Profire paid to the Placement Agents restricted stock equal to four percent of the number of securities sold in the Private Placement, to be split equally between them. In addition, The Special Equities Group, LLC, a division of Chardan Capital Markets used the cash proceeds it received to purchase additional shares of common stock of the Company.

The shares were issued without registration pursuant to Section 4(a)(2) of the Securities act of 1933 and Rule 506 promulgated pursuant thereto.

On March 28, 2013 we issued 95,000 shares of restricted common stock to an investment banking firm for investor relations and investment banking services provided to the Company during our second and third fiscal quarters. The shares were valued at $1.40 per share, which was the closing market price of our shares on the date we agreed to extend the term of our agreement with the investment banking firm. The shares were issued without registration pursuant to Section 4(a)(2) of the Securities Act of 1933.

On September 12, 2012 we issued 95,000 shares of restricted common stock to an investment banking firm for investor relations and investment banking services provided to the Company during our second and third fiscal quarters. The shares were valued at $118,751, which was the closing market price of our shares on the date we agreed to extend the term of our agreement with the investment banking firm. The shares were issued without registration pursuant to Section 4(2) of the Securities Act of 1933.

On September 27, 2012 our Board granted options to purchase an aggregate of 820,000 shares of our restricted common stock to 29 Company employees and consultants. The options were granted pursuant to the Profire Energy, Inc. 2010 Equity Incentive Plan (the "2010 Plan".) We granted stock options to 14 non-U.S. persons, each of whom was outside the U.S. at the time the grants were made and 16 persons located in the United States. The grants were made without registration pursuant to Regulation S of the Securities Act Rules, Section 4(2) under the Securities Act of 1933, as amended, and/or Rule 12h-1 of the Securities Exchange Act of 1934, as amended.

On June 25, 2012 we issued 60,000 shares of restricted common stock to an investment banking firm for investor relations and investment banking services provided to the Company during our first and second fiscal quarters. The shares were valued at $1.50, which was the closing market price of our shares on the date of our agreement with the investment banking firm. The shares were issued without registration pursuant to Section 4(2) of the Securities Act of 1933.

On February 15, 2011 our Board granted options to purchase an aggregate of 600,000 shares of our restricted common stock to three Company employees. The options were granted pursuant to the 2010 Plan. As noted above, grants were made to three persons, each of whom was a non-U.S. person and was outside the U.S. at the time the grants were made. The grants were made without registration pursuant to Regulation S of the Securities Act Rules and/or Section 4(2) under the Securities Act of 1933.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) See Exhibit Index

(b) Financial Statement Schedules

All schedules have been omitted because the required information is not present in amounts sufficient to require submission of the schedules, or because the required information is included in the consolidated financial statements or notes thereto.

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 foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 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 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, 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, 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 Lindon, State of Utah, on June 24, 2014.

PROFIRE ENERGY, INC.

By: /s/ Brenton W. Hatch
Brenton W. Hatch
President and Chief Executive Officer

POWER OF ATTORNEY

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 dates indicated. Each person whose signature to this registration statement appears below hereby constitutes and appoints Brenton W. Hatch as his true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his behalf individually and in the capacity stated below and to perform any acts necessary to be done in order to file all amendments and post-effective amendments to this registration statement, and any and all instruments or documents filed as part of or in connection with this registration statement or the amendments thereto and each of the undersigned does hereby ratify and confirm all that said attorney-in-fact and agent, or his substitutes, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Signature	Title	Date
/s/ Brenton W. Hatch Brenton W. Hatch	President, Chief Executive Officer and Director (Principal Executive Officer)	June 24, 2014
/s/ Andrew W. Limpert Andrew W. Limpert	Chief Financial Officer and Director (Principal Accounting Officer)	June 24, 2014
/s/ Harold Albert Harold Albert	Chief Operating Officer and Director	June 24, 2014
/s/ Daren J. Shaw Daren J. Shaw	Director	June 24, 2014
/s/ Ronald R. Spoehel Ronald R. Spoehel	Director	June 24, 2014
/s/ Arlen B. Crouch Arlen B. Crouch	Director	June 24, 2014
/s/ Stephen E. Pirnat Stephen E. Pirnat	Director	June 24, 2014

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement.
2.1	Acquisition Agreement among The Flooring Zone, Inc. and Profire Combustion, Inc. and the Stockholders of Profire Combustion, Inc. dated September 30, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 14, 2008 (File No. 000-52376)).
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form SB-2 filed with the Commission on September 24, 2004) (File No. 000-52376)).
3.2	Articles of Amendment to the Articles of Incorporation of Profire Energy, Inc. (incorporated by reference to Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q filed on February 13, 2009 (File No. 000-52376)).
3.3	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to Registrant's Form 8-K filed December 23, 2013) (File No. 000-52376).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.02 to the Registrant's Form 8-A12G filed December 27, 2006 (File No. 000-52376)).
5.1	Opinion of Dorsey & Whitney LLP.
10.1	Securities Purchase Agreement, dated November 12, 2013 between the Registrant and the persons listed therein as purchasers (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report Current Report on Form 8-K filed November 18, 2013 (File No. 000-52376)).
10.2	Registration Rights Agreement dated November 18, 2013 between the Registrant and the persons listed in the Securities Purchase Agreement as purchasers (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report Current Report on Form 8-K filed November 18, 2013 (File No. 000-52376)).
10.3	Employment Agreement between the Registrant and Brenton W. Hatch dated June 28, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 (File No. 000-52376)).
10.4	Employment Agreement between the Registrant and Harold Albert dated June 28, 2013 (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 (File No. 000-52376)).
10.5	Employment Agreement between the Registrant and Andrew W. Limpert dated June 28, 2013 (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 (File No. 000-52376)).
10.6	Form of Indemnification Agreement between the Registrant and its directors (incorporated by reference to Exhibit 10.7 to the Registrant's form S-1 filed on December 24, 2013 (File No. 333-193086)).
10.7	2003 Stock Incentive Plan (incorporated by reference to Exhibit 4.01 to the Registrant's Form SB-2 filed September 24, 2004 (File No. 000-52376)).
10.8	Profire Energy, Inc. 2010 Equity Incentive Plan (incorporated by reference to the Registrant's Revised Definitive Proxy Statement on Schedule 14A filed with the Commission on November 10, 2009). (File No. 000-52376)).
10.9	Lease Agreement, dated June 12, 2013, between the Registrant and Whitestone Industrial-Office, LLC.*
10.10	Lease Agreement, dated May 16, 2014, between the Registrant and Paul Hall.*
10.11	Lease Agreement, dated April 23, 2014, between the Registrant and Dennis Caka.*
10.12	Consulting Agreement, dated March 24, 2014, between the Registrant on the one hand and Terra Industrial Corporation and Alan Johnson on the other. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on March 25, 2014 (File No. 000-52376)).
21.1	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 (File No. 000-52376)).
23.1	Consent of Sadler, Gibb & Associates, LLC, Independent Registered Public Accounting Firm.
23.2	Consent of Dorsey & Whitney LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included in signature page).

101	The following materials formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Other Comprehensive Income, (iii) the Consolidated Statements of Cash Flows and (iv) Notes to Consolidated Financial Statements.
101 INS	XBRL Instance Document**
101 SCH	XBRL Schema Document**
101 CAL	XBRL Calculation Linkbase Document**
101 DEF	XBRL Definition Linkbase Document**
101 LAB	XBRL Labels Linkbase Document**
101 PRE	XBRL Presentation Linkbase Document**

* Previously filed as an exhibit to this Registration Statement.

** The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

PROFIRE ENERGY, INC.

UNDERWRITING AGREEMENT

June __, 2014

MAXIM GROUP LLC

405 Lexington Avenue

New York, NY 10174

Chardan Capital Markets, LLC

17 State Street, Suite 1600

New York, NY 10004

As Representatives of the Underwriters

named on Schedule A hereto

Ladies and Gentlemen:

Profire Energy, Inc. a Nevada corporation (the "**Company**"), proposes to sell and issue, subject to the terms and conditions set forth herein, to each of the underwriters listed on Schedule A hereto (each, an "**Underwriter**" and collectively, the "**Underwriters**"), for whom Maxim Group LLC and Chardan Capital Markets LLC are acting as representatives (in such capacity, each a "**Representative**" and collectively, the "**Representatives**"), an aggregate of _____ shares (the "**Company Firm Shares**") of common stock, $0.001 par value per share, of the Company (the "**Common Stock**"). In addition, the Company and certain stockholders of the Company (the "**Selling Stockholders**") named in Schedule B hereto severally propose to issue an aggregate of _____ shares (the "**Selling Stockholder Firm Shares** " and collectively with the Company Firm Shares, the "**Firm Shares**") and to grant to the Underwriters an option (the "**Over-allotment Option**") to purchase, solely for the purpose of covering over-allotments, up to an additional _____ shares of the Common Stock (the "**Option Shares**"). Each Selling Stockholder has agreed to sell the number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule B hereto and, if and to the extent that the Representatives shall have determined to exercise, on behalf of the Underwriters, the Over-allotment Option, the number Option Shares set forth opposite such Selling Stockholder's name in Schedule B hereto. The Firm Shares and the Option Shares are collectively referred to below as the "**Shares**." The offering and sale of Shares contemplated by this underwriting agreement (this "**Agreement**") is referred to herein as the "**Offering.**" The Company and the Selling Stockholders are hereinafter sometimes collectively referred to as the "**Sellers.**" The Sellers agree with the several Underwriters as set forth below.

1. Shares; Over-Allotment Option.

(a) Purchase of Firm Shares. 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, severally and not jointly, to the several Underwriters, an aggregate of _____ Firm Shares at a purchase price of $_____ per Firm Share (representing a discount of 7% of the public offering price per Firm Share) (the "**Per Share Purchase Price**"). The Underwriters, severally and not jointly, agree to purchase from the Company the Firm Shares set forth opposite their respective names on Schedule A attached hereto and made a part hereof. In addition on the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, each of the Selling Stockholders agrees to sell to the several Underwriters such number of Firm Shares as is set forth opposite such Selling Stockholder's name on Schedule B hereto at the a purchase price of $_____ per Firm Share (which is equal to the Per Share Purchase Price). The Underwriters, severally and not jointly, agree to purchase from the Selling Stockholders the Firm Shares set forth opposite their respective names on Schedule A attached hereto and made a part hereof.

(b) Payment and Delivery. Delivery and payment for the Firm Shares shall be made at 10:00 a.m., New York time, on the third Business Day following the effective date (the "**Effective Date**") of the Registration Statement (as hereinafter defined) (or the fourth Business Day following the Effective Date, if the Registration Statement is declared effective after 4:30 p.m.) or at such earlier time as shall be agreed upon by the Representative and the Company at the offices of the Representative or at such other place as shall be agreed upon by the Representative and the Company. The hour and date of delivery of and payment for the Firm Shares is called the "**Closing Date**." The closing of the payment of the purchase price for, and delivery of certificates representing, the Firm Shares is referred to herein as the "**Closing**."

(i) Company Firm Shares Payment for the Company Firm Shares shall be made on the Closing Date by wire transfer in Federal (same day) funds to an account designated by the Company. Any remaining proceeds (less commissions, expense allowance and actual expense payments or other fees payable pursuant to this Agreement) shall be paid to the order of the Company upon delivery to the Representatives certificates (in form and substance satisfactory to the Underwriters) representing the Company Firm Shares (or through the full fast transfer facilities of the Depository Trust Company (the "**DTC**")) for the account of the Underwriters. The certificates for the Company Firm Shares shall be registered in such name or names and in such authorized denominations as the Representatives may request in writing at least two Business Days prior to the Closing Date. The Company will permit the Representatives to examine and package the Company Firm Shares for delivery, at least one full Business Day prior to the Closing Date. The Company shall not be obligated to sell or deliver the Company Firm Shares except upon tender of payment by the Representative for all the Company Firm Shares.

(ii) Selling Stockholder Firm Shares Payment for Selling Stockholder Firm Shares shall be made on the Closing Date by wire transfer in Federal (same day) funds of the price for the Selling Stockholder Firm Shares being purchased to accounts designated by each Selling Stockholder in accordance with the Power of Attorney and Custody Agreement (as hereinafter defined) upon delivery to the Representatives certificates (in form and substance satisfactory to the Underwriters) representing the Selling Stockholder Firm Shares (or through the full fast transfer facilities of the Depository Trust Company (the "**DTC**")) for the account of the Underwriters. The certificates for the Selling Stockholder Firm Shares shall be registered in in such name or names and in such authorized denominations as the Representatives may request in writing at least two Business Days prior to the Closing Date. The Selling Stockholders agree to cause certificates for the Selling Stockholder Firm Shares to be delivered, either directly or through the Selling Stockholder Custodian, pursuant to this Agreement through the facilities of the DTC, New York, New York, or at such other places as may be designated by the Representatives, and to be made available for checking and packaging at the above offices or such other places as may be designated by the Representatives at least one full Business Day prior to the Closing Date. For purposes of this Agreement the term "**Power of Attorney and Custody Agreement**" shall mean the Power of Attorney and Custody Agreement dated the date hereof by and among the Company, each of the Selling Stockholders and the Selling Stockholder Custodian (as hereinafter defined).

(c) Option Shares. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares, the Selling Stockholders, severally and not jointly, agree to sell to the Underwriters all or any portion of the Option Shares as specified by the Representatives in the notice described in Section 1(d) hereof at a purchase price of $____ per Option Share (which is equal to the Per Share Purchase Price). Option Shares shall be purchased by each Underwriter from each Selling Stockholder in the proportion that the number of Firm Shares set opposite the name of each Underwriter in Schedule A hereto bears to the total number of Firm Shares purchased (subject to such adjustments to eliminate fractional shares as the Representatives may determine).

(d) Exercise of Option. The Over-allotment Option may be exercised by the Representatives as to all (at any time) or any part (from time to time) of the Option Shares within 45 days after the Effective Date. The Underwriters will not be under any obligation to purchase any of such Option Shares prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of notice to the Company and the Selling Stockholders from the Representative in writing by overnight mail, facsimile or other form of electronic transmission setting forth the number of Option Shares to be purchased and the date and time for delivery of and payment for the Option Shares, which will not be later than five Business Days after the date of the notice or such other time as shall be agreed upon by the Company, the Selling Stockholders and the Representative, at the offices of the Representative or at such other place as shall be agreed upon by the Company, the Selling Stockholders and the Representative. If such delivery and payment for the Option Shares does not occur on the Closing Date, the date and time of the closing for such Option Shares will be as set forth in the notice (hereinafter the "**Option Closing Date**"). Upon exercise of the Over-allotment Option, the Selling Stockholders will become obligated to convey to the Underwriters, and, subject to the terms and conditions set forth herein, the Underwriters will become obligated to purchase, the number of Option Shares specified in such notice.

(e) Certain Transfer Procedures for Selling Stockholder Firm Shares and Option Shares Executed transfer forms for the Selling Stockholder Firm Shares and the Option Shares to be sold by the Selling Stockholders hereunder have been placed in custody, for delivery under this Agreement, under the Power of Attorney and Custody Agreement. Pursuant to the Power of Attorney and Custody Agreement, the Company has power of attorney with respect to the transfer and sale of the Selling Stockholder Firm Shares and the Option Shares to be sold by the Selling Stockholders under this Agreement. Each Selling Stockholder agrees that the Selling Stockholder Firm Shares and the Option Shares represented by the transfer forms held in custody for the Selling Stockholders are subject to the interests of the Underwriters hereunder, that the arrangements made by the Selling Stockholders for such custody are to that extent irrevocable, and that the obligations of the Selling Stockholders hereunder shall not be terminated by operation of law, whether by the death of any individual Selling Stockholder or the occurrence of any other event, or in the case of a trust, by the death of any trustee or trustees or the termination of such trust. If any individual Selling Stockholder or any such trustee or trustees should die, or if any other such event should occur, or if any of such trusts should terminate, before the delivery of the Selling Stockholder Firm Shares and the Option Shares hereunder, such Shares shall be delivered by the Company's transfer agent OTC Stock Transfer, Inc. (the "**Selling Stockholder Custodian**") in accordance with the terms and conditions of this Agreement and the Power of Attorney and Custody Agreement as if such death or other event or termination had not occurred, regardless of whether or not the Selling Stockholder Custodian shall have received notice of such death or other event or termination

(f) Payment and Delivery of Option Shares. Payment for Option Shares shall be made on the Option Closing Date by wire transfer in Federal (same day) funds of the price for the Option Shares being purchased to accounts designated by each Selling Stockholder in accordance with the Custody Agreement (as hereinafter defined) against delivery to the Representatives for the respective accounts of the several Underwriters of the Option Shares in the form of certificates for the securities comprising the Option Shares through the facilities of DTC. The certificates for the Option Shares shall be registered in the name or names and shall be in the denominations the Representatives designate at least one full business day prior to the Option Closing Date. The Company and Selling Stockholders agree to cause certificates for the Option Shares to be delivered, either directly or through the Selling Stockholder Custodian, pursuant to this Agreement through the facilities of the DTC, New York, New York, or at such other places as may be designated by the Representatives, and to be made available for checking and packaging at the above offices or such other places as may be designated by the Representatives at least one full business day prior to the Option Closing Date.

2. Representations and Warranties of the Company. The Company represents, warrants and covenants to, and agrees with, each of the Underwriters that, as of the date hereof and as of the Closing Date:

(a) The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form S-1 (Registration No. 333-196462), and amendments thereto, and related preliminary prospectuses for the registration under the Securities Act of 1933, as amended (the "**Securities Act**"), of the Securities which registration statement, as so amended (including post-effective amendments, if any), has been declared effective by the Commission and copies of which have heretofore been delivered to the Underwriters. The registration statement, as amended at the time it became effective, including the prospectus, financial statements, schedules, exhibits and other information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act, is hereinafter referred to as the "**Registration Statement**." If the Company has filed or is required pursuant to the terms hereof to file a registration statement pursuant to Rule 462(b) under the Securities Act registering additional shares of Common Stock (a "**Rule 462(b) Registration Statement**"), then, unless otherwise specified, any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462(b) Registration Statement. Other than a Rule 462(b) Registration Statement, which, if filed, becomes effective upon filing, no other document with respect to the Registration Statement has heretofore been filed with the Commission. All of the Securities have been registered under the Securities Act pursuant to the Registration Statement or, if any Rule 462(b) Registration Statement is filed, will be duly registered under the Securities Act with the filing of such Rule 462(b) Registration Statement. The Company has responded to all requests of the Commission for additional or supplemental information. Based on communications from the Commission, no stop order suspending the effectiveness of either the Registration Statement or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission. The Company, if required by the Securities Act and the rules and regulations of the Commission (the "**Rules and Regulations**"), proposes to file the Prospectus with the Commission pursuant to Rule 424(b) under the Securities Act ("**Rule 424(b)**"). The prospectus, in the form in which it is to be filed with the Commission pursuant to Rule 424(b), or, if the prospectus is not to be filed with the Commission pursuant to Rule 424(b), the prospectus in the form included as part of the Registration Statement at the time the Registration Statement became effective, is hereinafter referred to as the "**Prospectus**," except that if any revised prospectus or prospectus supplement shall be provided to the Underwriters by the Company for use in connection with the Offering which differs from the Prospectus (whether or not such revised prospectus or prospectus supplement is required to be filed by the Company pursuant to Rule 424(b)), the term "Prospectus" shall also refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to the Underwriters for such use. Any preliminary prospectus or prospectus subject to completion included in the Registration Statement or filed with the Commission pursuant to Rule 424 under the Securities Act is hereafter called a "**Preliminary Prospectus**." Any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the exhibits incorporated by reference therein pursuant to the Rules and Regulations on or before the effective date of the Registration Statement, the date of such Preliminary Prospectus or the date of the Prospectus, as the case may be. Any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include: (i) the filing of any document under the Securities Exchange Act of 1934, as amended, and together with the Rules and Regulations promulgated thereunder (the "**Exchange Act**") after the effective date of the Registration Statement, the date of such Preliminary Prospectus or the date of the Prospectus, as the case may be, which is incorporated therein by reference, and (ii) any such document so filed. All references in this Agreement to the Registration Statement, the Rule 462(b) Registration Statement, a Preliminary Prospectus and the Prospectus, or any amendments or supplements to any of the foregoing, shall be deemed to include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**"). The Prospectus delivered to the Underwriters for use in connection with the Offering 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 promulgated by the Commission.

(b) At the time of the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement or the effectiveness of any post-effective amendment to the Registration Statement, when the Prospectus is first filed with the Commission pursuant to Rule 424(b), when any supplement to or amendment of the Prospectus is filed with the Commission, when any document filed under the Exchange Act was or is filed, at all other subsequent times until the completion of the public offer and sale of the Securities, and at the Closing Date, and the Option Closing Date, if any, the Registration Statement and the Prospectus and any amendments thereof and supplements or exhibits thereto complied or will comply in all material respects with the applicable provisions of the Securities Act, the Exchange Act and the Rules and Regulations, and did not and will not contain an untrue statement of a material fact and did not and will not omit to state any material fact required to be stated therein or necessary in order to make the statements therein: (i) in the case of the Registration Statement, not misleading, and (ii) in the case of the Prospectus, in light of the circumstances under which they were made, not misleading. When any Preliminary Prospectus was first filed with the Commission (whether filed as part of the registration statement for the registration of the Shares or any amendment thereto or pursuant to Rule 424(a) under the Securities Act) and when any amendment thereof or supplement thereto was first filed with the Commission, and at the Applicable Time (as hereinafter defined), such Preliminary Prospectus and any amendments thereof and supplements thereto complied in all material respects with the applicable provisions of the Securities Act, the Exchange Act and the Rules and Regulations and did not contain an untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. No representation and warranty is made in this subsection (b), however, with respect to any information contained in or omitted from the Registration Statement or the Prospectus or any related Preliminary Prospectus or any amendment thereof or supplement thereto in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Underwriter through the Representative specifically for use therein. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter contained in the "Underwriting" section of the Prospectus (the "**Underwriters' Information**").

(c) Since June 30, 2012, the Company has filed all reports, schedules, forms, statements or other documents required to be filed by the Company under the Securities Act or Exchange Act, during the three years preceding the date hereof (the foregoing materials filed during such three-year period, including the exhibits thereto and documents incorporated by reference therein, the "**SEC Reports**") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension; as of their respective filing or amendment dates, the SEC Reports complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder; and as of their respective filing or amendment dates, the SEC Reports did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Neither the Company nor any of the Selling Stockholders has distributed and neither the Company nor any of the Selling Stockholders will distribute any prospectus or other offering material in connection with the offering and sale of the Shares other than the Prospectus or other materials permitted by the Securities Act to be distributed by the Company. Unless the Company obtains the prior consent of the Representatives, the Company has not made and will not make any offer relating to the Securities that would constitute an "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 under the Securities Act, required to be filed with the Commission.

(e) Each Underwriter agrees that, unless it obtains the prior written consent of the Company, it will not make any offer relating to the Shares that would constitute an Issuer-Represented Free Writing Prospectus or that would otherwise (without taking into account any approval, authorization, use or reference thereto by the Company) constitute a "free writing prospectus" required to be filed by the Company with the Commission or retained by the Company under Rule 433 of the Securities Act.

(f) As used in this Agreement, the terms set forth below shall have the following meanings:

(i) "**Applicable Time**" means _____p.m. on the date of this Agreement.

(ii) "**Issuer-Represented Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, relating to the Shares that (A) is required to be filed with the Commission by the Company, or (B) is exempt from filing pursuant to Rule 433(d)(5)(i) under the Securities Act because it contains a description of the Shares or of the Offering that does not reflect the final terms or pursuant to Rule 433(d)(8)(ii) because it is a "bona fide electronic road show," as defined in Rule 433 under the Securities Act, 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) under the Securities Act.

(g) Sadler Gibb & Associates LLC (the "**Auditor**"), whose reports relating to the Company and its Subsidiary (as hereinafter defined) are included in the Registration Statement, is an independent registered public accounting firm as required by the Securities Act, the Exchange Act and the Rules and Regulations and, to the Company's knowledge, such accountants are not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley").**

(h) Subsequent to the respective dates as of which information is presented in the Registration Statement and the Prospectus, and except as disclosed in the Registration Statement and the Prospectus: (i) the Company has not declared, paid or made any dividends or other distributions of any kind on or in respect of its capital stock, and (ii) there has been no material adverse change (or, to the knowledge of the Company, any development which has a high probability of involving a material adverse change in the future), whether or not arising from transactions in the ordinary course of business, in or affecting: (A) the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company and its Subsidiary, taken as a whole; (B) the long-term debt or capital stock of the Company or its Subsidiary; or (C) the Offering or consummation of any of the other transactions contemplated by this Agreement, the Registration Statement and the Prospectus (a "**Material Adverse Change**"). Since the date of the latest balance sheet presented in the Registration Statement, and the Prospectus, neither the Company nor its Subsidiary has incurred or undertaken any liabilities or obligations, whether direct or indirect, liquidated or contingent, matured or unmatured, or entered into any transactions, including any acquisition or disposition of any business or asset, which are material to the Company and the Subsidiary taken as a whole, except for liabilities, obligations and transactions which are disclosed in the Registration Statement and the Prospectus.

(i) As of the dates indicated in the Registration Statement and the Prospectus, the authorized, issued and outstanding shares of capital stock of the Company were as set forth in the Registration Statement and the Prospectus in the column headed "Actual" under the section thereof captioned "Capitalization" and, after giving effect to the Offering and the other transactions (excluding the offer and sale of the Option Shares) contemplated by this Agreement, the Registration Statement and the Prospectus, will be as set forth in the column headed "As Adjusted" in such section. All of the issued and outstanding shares of capital stock of the Company are fully paid and non-assessable and have been duly and validly authorized and issued, in compliance with all applicable state, federal and foreign securities laws and not in violation of or subject to any preemptive or, any similar right that does or will entitle any Person (as defined below), upon the issuance or sale of any security, to acquire from the Company or any Subsidiary any Relevant Security. As used herein, the term "**Relevant Security**" means any shares of Common Stock or other security of the Company or any Subsidiary that is convertible into, or exercisable or exchangeable for shares of Common Stock or equity securities, or that holds the right to acquire any shares of Common Stock or equity securities of the Company or any Subsidiary or any other such Relevant Security. As used herein, the term "**Person**" means any foreign or domestic individual, corporation, trust, partnership, joint venture, limited liability company or other entity. Except as set forth in, or contemplated by, the Registration Statement and the Prospectus, on the Effective Date and on the Closing Date, there will be no options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock or any security convertible into shares of Common Stock, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

(j) The Shares have been duly authorized and, in the case of the Company Firm Shares, reserved for issuance and, when issued and paid for, will be duly and validly issued, fully paid and non-assessable, will have been issued in compliance with all applicable state, federal and foreign securities laws and will not have been issued in violation of or subject to any preemptive or any similar right that does or will entitle any Person to acquire any Relevant Security from the Company or any Subsidiary upon issuance or sale of the Shares in the Offering. The Shares conform to the descriptions thereof contained in the Registration Statement and the Prospectus. Except as disclosed in the Registration Statement and the Prospectus, neither the Company nor any Subsidiary has outstanding warrants, options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, or any contracts or commitments to issue or sell, any Relevant Security.

(k) Except for Profire Combustion, Inc., an Alberta Canada corporation (the "**Subsidiary**"), the Company holds no ownership or other interest, nominal or beneficial, direct or indirect, in any corporation, partnership, joint venture or other business entity. All of the issued and outstanding shares of capital stock of the Subsidiary have been duly and validly authorized and issued and are fully paid and non-assessable and are owned directly by the Company, free and clear of any lien, charge, mortgage, pledge, security interest, claim, equity, trust or other encumbrance, preferential arrangement, defect or restriction of any kind whatsoever (any "**Lien**"). No director, officer or key employee of the Company named in the Prospectus holds any direct equity, debt or other pecuniary interest in the Subsidiary or any Person with whom the Company or any Subsidiary does any material business or is in privity of contract with, other than, in each case, indirectly through the ownership by such individuals of shares of Common Stock or ownership of less than 1% of the outstanding equity securities of such Person.

(l) Each of the Company and the Subsidiary has been duly incorporated, formed or organized, and validly exists as a corporation in good standing under the laws of its jurisdiction of incorporation, formation or organization. Each of the Company and the Subsidiary has all requisite power and authority to carry on its business as it is currently being conducted and as described in the Registration Statement and the Prospectus, and to own, lease and operate its respective properties. Each of the Company and the Subsidiary is duly qualified to do business and is in good standing as a foreign corporation, partnership or limited liability company in each jurisdiction in which the character or location of its properties (owned, leased or licensed) or the nature or conduct of its business makes such qualification necessary, except, in each case, for those failures to be so qualified or in good standing which (individually and in the aggregate) would not reasonably be expected to have a material adverse effect on: (i) the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company and the Subsidiary, taken as a whole; (ii) the long-term debt or capital stock of the Company or the Subsidiary; or (iii) the Offering or consummation of any of the other transactions contemplated by this Agreement, the Registration Statement and the Prospectus (any such effect being a "**Material Adverse Effect**").

(m) Neither the Company nor the Subsidiary: (i) is in violation of its certificate or articles of incorporation, memorandum and articles of association, by-laws, certificate of formation, limited liability company agreement, joint venture agreement, partnership agreement or other organizational documents, (ii) is in default under, and no event has occurred which, with notice or lapse of time or both, would constitute a default under or result in the creation or imposition of any Lien upon any of its property or assets pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject, or (iii) is in violation in any respect of any law, rule, regulation, ordinance, directive, judgment, decree or order of any judicial, regulatory or other legal or governmental agency or body, foreign or domestic, except in the case of clauses (ii) and (iii) where such violation or default, as the case may be, would not have or reasonably be expected to result in a Material Adverse Effect.

(n) The Company has full right, power and authority to execute and deliver this Agreement, the Power of Attorney and Custody Agreement and all other agreements, documents, certificates and instruments required to be delivered pursuant to this Agreement. The Company has duly and validly authorized this Agreement, the Power of Attorney and Custody Agreement and each of the transactions contemplated thereby. Each of this Agreement and the Power of Attorney and Custody Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(o) The execution, delivery, and performance of this Agreement, the Power of Attorney and Custody Agreement and all other agreements, documents, certificates and instruments required to be delivered pursuant to this Agreement, and consummation of the transactions contemplated by this Agreement and the Power of Attorney and Custody Agreement do not and will not: (i) conflict with, require consent under or result in a breach of any of the terms and provisions of, or constitute a default (or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the creation or imposition of any Lien upon any property or assets of the Company or the Subsidiary pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement, instrument, franchise, license or permit to which the Company or the Subsidiary is a party or by which the Company or the Subsidiary or their respective properties, operations or assets may be bound or (ii) violate or conflict with any provision of the certificate or articles of incorporation, by-laws, certificate of formation, limited liability company agreement, partnership agreement or other organizational documents of the Company or the Subsidiary, or (iii) violate or conflict with any law, rule, regulation, ordinance, directive, judgment, decree or order of any judicial, regulatory or other legal or governmental agency or body, domestic or foreign, except in the case of subsections (i) and (iii) for any default, conflict or violation that would not have or reasonably be expected to have a Material Adverse Effect.

(p) Except as disclosed in the Registration Statement and the Prospectus, each of the Company and the Subsidiary has all consents, approvals, authorizations, orders, registrations, qualifications, licenses, filings and permits of, with and from all judicial, regulatory and other legal or governmental agencies and bodies and all third parties, foreign and domestic (collectively, the "**Consents**"), required to own, lease and operate its properties and conduct its business as it is now being conducted and as disclosed in the Registration Statement and the Prospectus, and each such Consent is valid and in full force and effect, except where such failure would not have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor the Subsidiary has received notice of any investigation or proceedings which results in or, if decided adversely to the Company or the Subsidiary, could reasonably be expected to result in, the revocation of, or imposition of a materially burdensome restriction on, any Consent. No Consent contains a materially burdensome restriction that is inadequately disclosed in the Registration Statement and the Prospectus in violation of applicable law.

(q) Each of the Company and the Subsidiary is in compliance with all applicable laws, rules, regulations, ordinances, directives, judgments, decrees and orders, foreign and domestic, except for any non-compliance the consequences of which would not have or reasonably be expected to have a Material Adverse Effect. Neither the Company, nor any of its Affiliates (within the meaning of Rule 144 under the Securities Act) ("**Affiliates**") has received any notice or other information from any regulatory or other legal or governmental agency which could reasonably be expected to result in any default or potential decertification by the Company, or any of its Affiliates.

(r) No Consent of, with or from any judicial, regulatory or other legal or governmental agency or body or any third party, foreign or domestic is required for the execution, delivery and performance by the Company of this Agreement or the Power of Attorney and Custody Agreement or the Company's consummation of each of the transactions contemplated by this Agreement or the Power of Attorney and Custody Agreement, including the issuance, sale and delivery of the Shares to be issued, sold and delivered hereunder, except the registration under the Securities Act of the Shares, which has become effective, and such Consents as may be required under state securities or blue sky laws or the by-laws and rules of the NASDAQ Capital Market, where the shares of Common Stock have been approved for listing, and the Financial Industry Regulatory Authority, Inc. ("**FINRA**") in connection with the purchase and distribution of the Shares by the Underwriters, each of which has been obtained and is in full force and effect.

(s) Except as disclosed in the Registration Statement and the Prospectus, there is no judicial, regulatory, arbitral or other legal or governmental proceeding or other litigation or arbitration, domestic or foreign, pending to which the Company or the Subsidiary is a party or of which any property, operations or assets of the Company or the Subsidiary is the subject which, individually or in the aggregate, if determined adversely to the Company or the Subsidiary, would reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no such proceeding, litigation or arbitration is threatened or contemplated.

(t) The financial statements, including the notes thereto, and the supporting schedules included in the Registration Statement, the Prospectus and the SEC Reports comply in all material respects with the requirements of the Securities Act and the Exchange Act, and present fairly the financial position as of the dates indicated and the cash flows and results of operations for the periods specified of the Company and its consolidated Subsidiary. Except as otherwise stated in the Registration Statement and the Prospectus, said financial statements have been prepared in conformity with United States generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved, except in the case of unaudited financials which are subject to normal year-end adjustments and do not contain certain footnotes. The supporting schedules included in the Registration Statement and the Prospectus present fairly the information required to be stated therein. No other financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement or the Prospectus. The other financial and statistical information included in the Registration Statement and the Prospectus present fairly the information included therein and, have been prepared on a basis consistent with that of the financial statements that are included in the Registration Statement and the Prospectus and the books and records of the respective entities presented therein.

(u) There are no pro forma or as adjusted financial statements which are required to be included in the Registration Statement and the Prospectus in accordance with Regulation S-X which have not been included as so required. The pro forma and as adjusted financial information included in the Registration Statement and the Prospectus has been properly compiled and prepared in accordance with the applicable requirements of the Shares Act and the Rules and Regulations and include all adjustments necessary to present fairly in accordance with GAAP the pro forma and as adjusted financial position of the respective entity or entities presented therein at the respective dates indicated and their cash flows and the results of operations for the respective periods specified. The assumptions used in preparing the pro forma and as adjusted financial information included in the Registration Statement and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein. The related pro forma and as adjusted adjustments give appropriate effect to those assumptions; and the pro forma and as adjusted financial information reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(v) The statistical, industry-related and market-related data included in the Registration Statement and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate, and such data agree with the sources from which they are derived.

(w) The Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Exchange Act) and such controls and procedures are effective in ensuring that material information relating to the Company, including its Subsidiary, is made known to the principal executive officer and the principal financial officer. The Company has utilized such controls and procedures in preparing and evaluating the disclosures in the Registration Statement and in the Prospectus.

(x) Except as disclosed in the Registration Statement and the Prospectus, each of the Company and the Subsidiary maintains a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the Prospectus or in the SEC Reports, since March 31, 2011, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(y) Except as disclosed in the Registration Statement and the Prospectus, as of the Closing Date the Company's board of directors has validly appointed an audit committee whose composition satisfies the requirements of the rules and regulations of the Nasdaq Stock Market and the board of directors and/or audit committee has adopted a charter that satisfies the requirements of the rules and regulations of the Nasdaq Stock Market. The audit committee has reviewed the adequacy of its charter within the past twelve months. Except as disclosed in the Registration Statement and the Prospectus, neither the board of directors nor the audit committee has been informed, nor is any director of the Company aware, of: (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(z) Neither the Company nor any of its Affiliates has taken, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Shares.

(aa) Neither the Company nor any of its Affiliates has, prior to the date hereof, made any offer or sale of any securities which are required to be "integrated" pursuant to the Securities Act or the Rules and Regulations with the offer and sale of the Shares pursuant to the Registration Statement. Except as disclosed in the Registration Statement and the Prospectus, neither the Company nor any of its Affiliates has sold or issued any Relevant Security during the six-month period preceding the date of the Prospectus, including but not limited to any sales pursuant to Rule 144A or Regulation D or Regulation S under the Securities Act, other than shares of Common Stock issued pursuant to employee benefit plans, qualified stock option plans or employee compensation plans or pursuant to outstanding options, rights or warrants as described in the Registration Statement and the Prospectus.

(bb) All information contained in the questionnaires completed by each of the Company's officers and directors immediately prior to the Offering and provided to the Representatives as well as the biographies of such individuals in the Registration Statement 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 completed by the directors and officers to become inaccurate and incorrect.

(cc) No director or officer of the Company is subject to any non-competition agreement or non-solicitation agreement with any employer or prior employer which could materially affect his ability to be and act in his respective capacity of the Company.

(dd) Except as disclosed in the Registration Statement and the Prospectus, no holder of any securities of the Company or any Relevant Security has any rights to require the Company to register any such securities under the Securities Act as part or on account of, or otherwise in connection with, the offer and sale of the Shares contemplated hereby, and any such rights so disclosed have either been fully complied with by the Company or effectively waived by the holders thereof, and any such waivers remain in full force and effect.

(ee) The conditions for use of Form S-1 to register the Offering under the Securities Act, as set forth in the General Instructions to such Form, have been satisfied.

(ff) The Company is not and, at all times up to and including consummation of the transactions contemplated by this Agreement, and after giving effect to application of the net proceeds of the Offering, will not be, subject to registration as an "investment company" under the Investment Company Act of 1940, as amended, and is not and will not be an entity "controlled" by an "investment company" within the meaning of such act.

(gg) No relationship, direct or indirect, exists between or among any of the Company or any Affiliate of the Company, on the one hand, and any director, officer, shareholder, customer or supplier of the Company or any Affiliate of the Company, on the other hand, which is required by the Securities Act, the Exchange Act or the Rules and Regulations to be described in the Registration Statement or the Prospectus which is not so described as required. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of 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, except as described in the Registration Statement and the Prospectus. The Company has not, in violation of Sarbanes-Oxley directly or indirectly, including through the Subsidiary (other than as permitted under Sarbanes-Oxley for depositary institutions), extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company.

(hh) The Company is in material compliance with the provisions of Sarbanes-Oxley and the Rules and Regulations promulgated thereunder and related or similar rules and regulations promulgated by the Nasdaq Stock Market or any other governmental or self-regulatory entity or agency, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect. Without limiting the generality of the foregoing: (i) all members of the Company's board of directors who are required to be "independent" (as that term is defined under applicable laws, rules and regulations), including, without limitation, all members of the audit committee of the Company's board of directors, meet the qualifications of independence as set forth under applicable laws, rules and regulations and (ii) the audit committee of the Company's board of directors has at least one member who is an "audit committee financial expert" (as that term is defined under applicable laws, rules and regulations).

(ii) Except as disclosed in the Registration Statement and the Prospectus, there are no contracts, agreements or understandings between the Company and any Person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated by this Agreement or, to the Company's knowledge, any arrangements, agreements, understandings, payments or issuance with respect to the Company or any of its officers, directors, shareholders, partners, employees, Subsidiary or Affiliates that may affect the Underwriters' compensation as determined by FINRA.

(jj) Each of the Company and the Subsidiary owns or leases all such properties as are necessary to the conduct of its business as presently operated and as proposed to be operated as described in the Registration Statement and the Prospectus. Each of the Company and the Subsidiary has good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by it, in each case free and clear of all Liens except such as are described in the Registration Statement and the Prospectus or such as do not (individually or in the aggregate) materially affect the business or prospects of the Company or the Subsidiary. Any real property and buildings held under lease or sublease by the Company and the Subsidiary are held by them under valid, subsisting and enforceable leases with such exceptions as are not material to, and do not interfere with, the use made and proposed to be made of such property and buildings by the Company and the Subsidiary. Neither the Company nor the Subsidiary has received any notice of any claim adverse to its ownership of any real or personal property or of any claim against the continued possession of any real property, whether owned or held under lease or sublease by the Company or the Subsidiary.

(kk) Each of the Company and the Subsidiary: (i) owns or possesses adequate right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, formulae, customer lists, and know-how and other intellectual property (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, ("**Intellectual Property**") necessary for the conduct of its respective business as being conducted and as described in the Registration Statement and the Prospectus and (ii) has no knowledge that the conduct of its respective business does or will conflict with, and neither the Company nor the Subsidiary has received any notice of any claim of conflict with, any such right of others. Except as set forth in the Registration Statement or the Prospectus or for which such disclosure is not required to be disclosed in the Registration Statement or the Prospectus, neither the Company nor any Subsidiary has granted or assigned to any other Person any right to sell the current products and services of the Company and the Subsidiary or those products and services described in the Registration Statement and the Prospectus. To the Company's best knowledge, there is no infringement by third parties of any such Intellectual Property; there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's or any Subsidiary's rights in or to any such Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such claim; and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or the Subsidiary infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary rights of others, and the Company is unaware of any other fact which would form a reasonable basis for any such claim.

(ll) The agreements and documents described in the Registration Statement, the Prospectus and the SEC Reports conform to the descriptions thereof contained therein and there are no agreements or other documents required to be described in the Registration Statement or the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company or the Subsidiary is a party or by which its respective property or business is or may be bound or affected and (i) that is referred to in the Registration Statement or the Prospectus or attached as an exhibit thereto, or (ii) is material to the Company's or the Subsidiary's business, has been duly and validly executed by the Company or the Subsidiary, is in full force and effect in all material respects and is enforceable against the Company or the Subsidiary 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 foreign, 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, and none of such agreements or instruments has been assigned by the Company, and neither the Company, the Subsidiary nor, to the Company's knowledge, any other party is in breach or 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 breach or default thereunder. To the Company's knowledge, performance by the Company or the Subsidiary 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, the Subsidiary or any of their respective assets or businesses, including, without limitation, those relating to environmental laws and regulations, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

(mm) No securities of the Company have been sold by the Company for the three years preceding the filing of the Registration Statement, except as disclosed in the Registration Statement and the Prospectus, and no securities of the Company have been sold by or on behalf of, or for the benefit of, any person or persons controlling, controlled by, or under common control with the Company, except as disclosed in any Section 16 reports filed with respect to such persons.

(nn) The disclosures in the Registration Statement and the Prospectus concerning the effects of foreign, federal, state and local regulation on the business of the Company and the Subsidiary as currently contemplated are correct in all material respects and do not omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(oo) Each of the Company and the Subsidiary has accurately prepared and filed all federal, state, foreign and other tax returns that are required to be filed by it and has paid or made provision for the payment of all taxes, assessments, governmental or other similar charges, including without limitation, all sales and use taxes and all taxes which the Company or the Subsidiary is obligated to withhold from amounts owing to employees, creditors and third parties, with respect to the periods covered by such tax returns (whether or not such amounts are shown as due on any tax return). No deficiency assessment with respect to a proposed adjustment of the Company's or the Subsidiary's federal, state, local or foreign taxes is pending or, to the Company's knowledge, threatened. The accruals and reserves on the books and records of the Company and the Subsidiary in respect of tax liabilities for any taxable period not finally determined are adequate to meet any assessments and related liabilities for any such period and, since the date of the Company's most recent audited financial statements, the Company and the Subsidiary have not incurred any liability for taxes other than in the ordinary course of its respective business. There is no tax lien, whether imposed by any federal, state, foreign or other taxing authority, outstanding against the assets, properties or business of the Company or the Subsidiary.

(pp) No labor disturbance by the employees of the Company or the Subsidiary currently exists or, to the Company's knowledge, is likely to occur. Neither the Company nor the Subsidiary is in material breach of the terms of any collective bargaining agreement to which it is a party.

(qq) The Company and the Subsidiary are in compliance in all material respects with the applicable requirements of the U.S. Federal Trade Commission (the "**FTC**") and equivalent foreign commissions and agencies governing advertising, product promotion and with other applicable provisions of federal, state, local and other U.S. and foreign laws and regulations applicable to their businesses as presently conducted.

(rr) Except as disclosed in the Registration Statement and the Prospectus, the Company and the Subsidiary have at all times operated their respective businesses in material compliance with all Environmental Laws (as hereinafter defined), and no material expenditures are or will be required in order to comply therewith. Neither the Company nor the Subsidiary has received any notice or communication that relates to or alleges any actual or potential violation or failure to comply with any Environmental Laws that could reasonably be expected to result in a Material Adverse Effect. As used herein, the term "**Environmental Laws**" means all applicable laws and regulations, including any licensing, permits or reporting requirements, and any action by a federal state or local government entity pertaining to the protection of the environment, protection of public health, protection of worker health and safety, or the handling of hazardous materials, including without limitation, the Clean Air Act, 42 U.S.C. § 7401, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1321, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 690-1, et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.

(ss) Except as set forth in the Registration Statement or the Prospectus, neither the Company nor the Subsidiary is a party to an "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("**ERISA**") which: (i) is subject to any provision of ERISA and (ii) is or was at any time maintained, administered or contributed to by the Company or the Subsidiary and covers any employee or former employee of the Company or the Subsidiary or any ERISA Affiliate (as defined hereafter). These plans are referred to collectively herein as the "**Employee Plans**." For purposes of this Section, "**ERISA Affiliate**" of any person or entity means any other person or entity which, together with that person or entity, could be treated as a single employer under Section 414(m) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or is an "affiliate," whether or not incorporated, as defined in Section 407(d)(7) of ERISA, of the person or entity.

(tt) The Registration Statement and the Prospectus identify each material employment, severance or other similar agreement, arrangement or policy and each material plan or arrangement providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, severance benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation or other forms of incentive compensation, or post-retirement insurance, compensation or benefits which: (i) is not an Employee Plan, (ii) is entered into, maintained or contributed to, as the case may be, by the Company or the Subsidiary or any of their respective ERISA Affiliates, and (iii) covers any officer or director or former officer or director of the Company or the Subsidiary or any of their respective ERISA Affiliates. These contracts, plans and arrangements are referred to collectively in this Agreement as the "**Benefit Arrangements**." Each Benefit Arrangement has been maintained in substantial compliance with its terms and with requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to that Benefit Arrangement.

(uu) Except as set forth in the Registration Statement and the Prospectus, neither the Company nor the Subsidiary is a party to or subject to any employment contract or arrangement providing for annual future compensation, or the opportunity to earn annual future compensation (whether through fixed salary, bonus, commission, options or otherwise) of more than $120,000 to any named executive officer or director.

(vv) Neither the execution of this Agreement nor consummation of the Offering constitutes a triggering event under any Employee Plan or any other employment contract, which (either alone or upon the occurrence of any additional or subsequent event) will or may result in any payment (of severance pay or otherwise), acceleration, increase in vesting, or increase in benefits to any current or former participant, employee or director of the Company or the Subsidiary.

(ww) No "prohibited transaction" (as defined in either Section 406 of the ERISA or Section 4975 of Code), "accumulated funding deficiency" (as defined in Section 302 of ERISA) or other event of the kind described in Section 4043(b) of ERISA has occurred with respect to any employee benefit plan for which the Company or the Subsidiary would have any liability; each employee benefit plan of the Company or the Subsidiary is in compliance in all material respects with applicable law, including (without limitation) ERISA and the Code; and each employee benefit plan of the Company or the Subsidiary that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which could cause the loss of such qualification.

(xx) Neither the Company, the Subsidiary nor, to the Company's knowledge, any of their respective employees or agents has at any time during the last five (5) years: (i) made any unlawful contribution to any candidate for foreign office, or failed to disclose fully any contribution in violation of law, or (ii) made any payment to any federal or state governmental officer or official or other Person charged with similar public or quasi-public duties, other than payments that are not prohibited by the laws of the United States of any jurisdiction thereof.

(yy) The Company has not offered, or caused the Underwriters to offer, the Shares to any Person or entity with the intention of unlawfully influencing: (i) a customer or supplier of the Company or the Subsidiary to alter the customer's or supplier's level or type of business with the Company or the Subsidiary or (ii) a journalist or publication to write or publish favorable information about the Company, the Subsidiary or any of their respective products or services.

(zz) The operations of the Company and its Subsidiary are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes of the United States and, to the Company's knowledge, all other jurisdictions to which the Company and its Subsidiary are subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or the Subsidiary with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aaa) Neither the Company nor, to the knowledge of the Company, any director, officer, agent, employee, Subsidiary or Affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any 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.

(bbb) Except as described in the Registration Statement 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 officer director or stockholder of the Company (each, an "**Insider**") with respect to the sale of the Shares hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Underwriter's compensation, as determined by FINRA. Except as described in the Registration Statement 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) to any FINRA member; or (iii) to any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the 180 days prior to the Effective Date, other than the prior payment of $35,000 to the Representatives as provided hereunder in connection with the Offering. 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. No officer, director or any beneficial owner of 5% of more of the Company's securities (whether debt or equity, registered or unregistered, regardless of the time acquired or the source from which derived) (any such individual or entity, a "**Company Affiliate**") has any direct or indirect affiliation or association with any FINRA member (as determined in accordance with the rules and regulations of FINRA); no Company Affiliate is an owner of stock or other securities of any member of FINRA (other than securities purchased on the open market); no Company Affiliate has made a subordinated loan to any member of FINRA; and no proceeds from the sale of the Shares (excluding underwriting compensation as disclosed in the Registration Statement or Prospectus) will be paid to any FINRA member, or any persons associated with or affiliated with any member of FINRA. Except as disclosed in the Registration Statement or the Prospectus, the Company has not issued any warrants or other securities or granted any options, directly or indirectly, to anyone who is a potential underwriter in the offering or a related person (as defined by FINRA rules) of such an underwriter within the 180-day period prior to the initial filing date of the Registration Statement; no person to whom securities of the Company have been privately issued within the 180-day period prior to the initial filing date of the Registration Statement has any relationship or affiliation or association with any member of FINRA; and no FINRA member participating in the offering has a conflict of interest with the Company. For this purpose, a "**conflict of interest**" exists when a member of FINRA and/or its associated persons, parent or affiliates in the aggregate beneficially own 5% or more of the Company's outstanding subordinated debt or common equity, or 5% or more of the Company's preferred equity. "**FINRA member participating in the offering**" includes any associated person of a FINRA member that is participating in the offering, any member of such associated person's immediate family and any affiliate of a FINRA member that is participating in the offering.

(ccc) None of the Company, the Subsidiary or their respective directors or officers or, to the best knowledge of the Company, any agent, employee, affiliate or other person acting on behalf of the Company has engaged in any activities sanctionable under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Sanctions Act of 1996, the National Defense Authorization Act for Fiscal Year 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012 or any Executive Order relating to any of the foregoing (collectively, and as each may be amended from time to time, the "**Iran Sanctions**"); and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of engaging in any activities sanctionable under the Iran Sanctions.

(ddd) As used in this Agreement, references to matters being "**material**" with respect to the Company or its Subsidiary shall mean a material event, change, condition, status or effect related to the condition (financial or otherwise), properties, assets (including intangible assets), liabilities, business, prospects, operations or results of operations of the Company or the Subsidiary, either individually or taken as a whole, as the context requires.

(eee) As used in this Agreement, the term "**knowledge of the Company**" (or similar language) shall mean the knowledge of the officers and directors of the Company and the Subsidiary who are named in the Prospectus, with the assumption that such officers and directors shall have made reasonable and diligent inquiry of the matters presented (with reference to what is customary and prudent for the applicable individuals in connection with the discharge by the applicable individuals of their duties as officers, directors or managers of the Company or the Subsidiary).

(fff) Any certificate signed by or on behalf of the Company and delivered to the Underwriters or to Loeb & Loeb LLP ("**Underwriters' Counsel**") shall be deemed to be a representation and warranty by the Company to each Underwriter listed on Schedule A hereto as to the matters covered thereby.

3. Representations, Warranties and Covenants of the Selling Stockholders. Each Selling Stockholder represents and warrants to and agrees with each of the Underwriters that:

(a) This Agreement and the Power of Attorney and Custody Agreement have each been duly authorized, executed and delivered by such Selling Stockholder and each of this Agreement and the Power of Attorney and Custody Agreement is a valid and binding agreement of such Selling Stockholder enforceable against such Selling Stockholder in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) Such Selling Stockholder has, and on the Option Closing Date will have, good and marketable title to the Selling Stockholder Firm Shares and the Option Shares to be sold by such Selling Stockholder hereunder, free and clear of any mortgage, pledge, lien, encumbrance, security interest or equity whatsoever, and has full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver the Selling Stockholder Firm Shares and the Option Shares to be delivered by such Selling Stockholder on the Closing Date or the Option Closing Date, as the case may be; and upon the delivery of and payment for such Selling Stockholder Firm Shares and Option Shares in accordance with this Agreement, the Underwriters will acquire valid and unencumbered title to such Selling Stockholder Firm Shares and Option Shares.

(c) The execution and delivery by such Selling Stockholder of, and the performance by such Selling Stockholder of its obligations under this Agreement and the Power of Attorney and Custody Agreement signed by such Selling Stockholder relating to the deposit of the Selling Stockholder Firm Shares and Option Shares to be sold by such Selling Stockholder hereunder will not contravene any provision of applicable law, or the organizational documents of such Selling Stockholder (if such Selling Stockholder is an entity), or any agreement or other instrument binding upon such Selling Stockholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Stockholder, and no governmental authorization of any government agency is required for the performance by such Selling Stockholder of its obligations under this Agreement or the Power of Attorney and Custody Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of such Selling Stockholder Firm Shares and Option Shares.

(d) The statements in the sections entitled "Principal and Selling Stockholders" relating to such Selling Stockholder in the Registration Statement and the Prospectus did not and do not include any 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.

(e) The sale of the Selling Stockholder Firm Shares and Option Shares by such Selling Stockholder pursuant to this Agreement is not prompted by any material information concerning the Company or its Subsidiary that is not set forth the Registration Statement and the Prospectus.

(f) Except as disclosed in the Registration Statement and the Prospectus, there are no contracts, agreements or understandings between such Selling Stockholder and any person that would give rise to a valid claim against such Selling Stockholder or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this Offering.

(g) Such Selling Stockholder has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(h) Upon initiation of payment for the Selling Stockholder Firm Shares and Option Shares sold by such Selling Stockholder under the Power of Attorney and Custody Agreement and this Agreement and the delivery by such Selling Stockholder to DTC or its agent of such Selling Stockholder Firm Shares and Option Shares in book entry form to a securities account maintained by the Underwriters at DTC or its nominee, and payment therefor in accordance with this Agreement, the Underwriters will acquire a securities entitlement (within the meaning of Section 8 of the Uniform Commercial Code (the "**UCC**")) with respect to such Selling Stockholder Firm Shares and Option Shares, and no action based on an "adverse claim" (as defined in UCC Section 8) may be asserted against the Underwriters with respect to such security entitlement if, at such time, the Underwriters do not have notice of any adverse claim within the meaning of UCC Section 8.

(i) Such Selling Stockholder has previously provided a selling stockholder questionnaire (the "**Questionnaire**") that was completed by such Selling Stockholder and submitted to the Company on or before the date hereof and it does not, and as of the Closing Date and the Option Closing Date will not, contain any untrue statement of material fact nor does it omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(j) Except as disclosed in the Registration Statement and the Prospectus, such Selling Stockholder has no affiliations or associations with any member of the FINRA; and none of the proceeds received by such Selling Stockholder from the sale of the Selling Stockholder Firm Shares and Option Shares to be sold by such Selling Stockholder hereunder will be paid to a member of the FINRA or any affiliate (or person "associated with," as such terms are used in the rules of the FINRA).

(k) No transaction, transfer or withholding taxes or duties are payable by or on behalf of the Underwriters in connection with (i) the sale of the Selling Stockholder Firm Shares and Option Shares by such Selling Stockholder, (ii) the delivery of such Selling Stockholder Firm Shares and Option Shares to or for the account of the Underwriters, (iii) the purchase from such Selling Stockholder and the initial sale and delivery by the Underwriters of such Selling Stockholder Firm Shares and Option Shares to purchasers thereof or (iv) the execution and delivery by such Selling Stockholder of the Power of Attorney and Custody Agreement.

(l) Such Selling Stockholder has not distributed and will not distribute, prior to the later of the latest Option Closing Date and the completion of the Underwriters' distribution of the Shares, any offering material in connection with the offering and sale of the Shares, including any free writing prospectus.

(m) Such Selling Stockholder agrees that it shall be responsible for all taxes as well as all applicable compliance and regulatory obligations related to such taxes which may arise from or in connection with the sale of the Selling Stockholder Firm Shares and Option Shares by such Selling Stockholder. Such Selling Stockholder will indemnify and hold harmless the Underwriters against any tax, including any interest and penalties, on the issue and sale of the Selling Stockholder Firm Shares and Option Shares by such Selling Stockholder.

(n) The Selling Stockholder Firm Shares and Option Shares to be sold by such Selling Stockholder pursuant to this Agreement are subject to the interest of the Underwriters and the obligations of such Selling Stockholder under this Agreement, when executed, shall not be terminated by any act of such Selling Stockholder, by operation of law, by the death or incapacity of such Selling Stockholder or, in the case of a trust, by the death or incapacity of any executor or trustee or the termination of such trust, or the occurrence of any other event.

(o) As of the date of this Agreement, such Selling Stockholder has deposited, or caused to be deposited on its behalf, the Selling Stockholder Firm Shares and Option Shares to be sold by such Selling Stockholder in accordance with this Agreement and the Power of Attorney and Custody Agreement.

(p) Such Selling Stockholder agrees to procure delivery to the Representatives on or prior to the Closing Date of a properly completed and executed U.S. Treasury Department Form W-9 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

(q) Such Selling Stockholder will not (and will cause its affiliates not to) take, directly or indirectly, any action which is designed to or which constitutes or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Shares.

(r) Such Selling Stockholder will cooperate to the extent necessary to cause the Registration Statement or any post-effective amendment thereto to become effective at the earliest practical time and to do and perform all things to be done and performed under this Agreement prior to the Closing Date and the Option Closing Date and to satisfy all conditions precedent of such Selling Stockholder to the delivery of the Selling Stockholder Firm Shares and Option Shares to be sold by such Selling Stockholder pursuant to this Agreement.

4. Covenants of the Company The Company acknowledges, covenants and agrees with the Underwriters that:

(a) The Registration Statement and any amendments thereto have been declared effective, and if Rule 430A is used or the filing of the Prospectus is otherwise required under Rule 424(b), the Company will file the Prospectus (properly completed if Rule 430A has been used) pursuant to Rule 424(b) within the prescribed time period and will provide evidence satisfactory to the Representative of such timely filing.

(b) During the period beginning on the date hereof and ending on the later of the Closing Date or such date as, in the opinion of Underwriters' Counsel, the Prospectus is no longer required by law to be delivered (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act is no longer required to be provided), in connection with sales by an underwriter or dealer (the "**Prospectus Delivery Period**"), prior to amending or supplementing the Registration Statement or the Prospectus, the Company shall furnish to the Representatives for review a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which the Representatives reasonably object within 36 hours of delivery thereof to the Representatives and Underwriters' Counsel.

(c) After the date of this Agreement, the Company shall promptly advise the Representatives in writing of (i) the receipt of any comments of, or requests for additional or supplemental information from, the Commission, (ii) the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any prospectus or the Prospectus, (iii) the time and date that any post-effective amendment to the Registration Statement becomes effective, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or of any order preventing or suspending its use or the use of any prospectus, the Prospectus or any Issuer-Represented Free Writing Prospectus, or of any proceedings to remove, suspend or terminate from listing the Common Stock from any securities exchange upon which it is listed for trading, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its reasonable efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A and 430B, as applicable, under the Securities Act and will use its reasonable best efforts to confirm that any filings made by the Company under Rule 424(b) or Rule 433 were received in a timely manner by the Commission (without reliance on Rule 424(b)(8) or Rule 164(b)).

(d) During the Prospectus Delivery Period, the Company will comply as far as it is able with all requirements imposed upon it by the Securities Act, as now and hereafter amended, and by the Rules and Regulations, as from time to time in force, and by the Exchange Act so far as necessary to permit the continuance of sales of or dealings in the Shares as contemplated by the provisions hereof, the Registration Statement and the Prospectus. If during such period any event occurs as a result of which the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary or appropriate in the opinion of the Company or its counsel or the Underwriter or Underwriters' Counsel to amend the Registration Statement or supplement the Prospectus to comply with the Securities Act or to file under the Exchange Act any document which would be deemed to be incorporated by reference in the Prospectus in order to comply with the Shares Act or the Exchange Act, the Company will promptly notify the Representatives and will amend the Registration Statement or supplement the Prospectus or file such document (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(e) The Company will promptly deliver to the Representatives and Underwriters' Counsel a signed copy of the Registration Statement, as initially filed and all amendments thereto, including all consents and exhibits filed therewith, and will maintain in the Company's files manually signed copies of such documents for at least five (5) years after the date of filing thereof. The Company will promptly deliver to each of the Underwriters such number of copies of any Preliminary Prospectus, the Prospectus, the Registration Statement, and all amendments of and supplements to such documents, if any, and all documents which are exhibits to the Registration Statement and Prospectus or any amendment thereof or supplement thereto, as the Underwriters may reasonably request. Prior to 10:00 a.m., New York time, on the Business Day next succeeding the date of this Agreement and from time to time thereafter, the Company will furnish the Underwriters with copies of the Prospectus in New York City in such quantities as the Underwriters may reasonably request.

(f) The Company consents to the use and delivery of the Preliminary Prospectus by the Underwriters in accordance with Rule 430 and Section 5(b) of the Securities Act; provided that such Preliminary Prospectus was filed with the Commission on or after _____, 2014.

(g) If the Company elects to rely on Rule 462(b) under the Securities Act, the Company shall both file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) and pay the applicable fees in accordance with Rule 111 of the Securities Act by the earlier of: (i) 10:00 p.m., New York City time, on the date of this Agreement, and (ii) the time that confirmations are given or sent, as specified by Rule 462(b)(2).

(h) The Company will use its best efforts, in cooperation with the Representatives, at or prior to the time of effectiveness of the Registration Statement, to qualify the Shares for offering and sale under the securities laws relating to the offering or sale of the Shares of such domestic jurisdictions as the Representatives may designate and to maintain such qualification in effect for so long as required for the distribution thereof; except that in no event shall the Company be obligated in connection therewith to qualify as a foreign corporation or to execute a general consent to service of process or to subject itself to taxation if it is otherwise not so subject.

(i) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement (which need not be audited) covering a 12-month period that shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Rules and Regulations.

(j) The Company hereby grants the Representatives, effective upon the date of commencement of sales of the Shares and continuing for a period of six (6) months thereafter, the right of participation to act as co-lead managing underwriters and bookrunners or minimally as co-lead managers and co-bookrunners and/or co-lead placement agents with at least 33.0% of the economics to be divided between them, for any and all future equity, equity-linked or debt offerings(excluding commercial bank debt) undertaken by the Company or any successor to or subsidiary of the Company during the six (6) month period following the Closing Date. The Company shall provide written notice to the Representatives with the terms of any such offering(s) and shall offer the Representatives compensation no less favorable, as a proportion of the total offering amount, than that offered to the Representative in this Offering. If the Representatives fail to accept in writing any such proposal for within 5 business days after receipt of a written notice from the Company containing such proposal, then Representatives will have no claim or right with respect to any such sale contained in any such notice.

(k) Schedule C hereto contains a list of all of the Company's directors, officers and other beneficial holders of seven percent (7%) or more of the Company's outstanding Common Stock and securities exercisable for or convertible into shares of Common Stock, as of the Effective Date (the "**Lock-Up Parties**"). For a period of 180 days following the Closing Date, each of the Lock-Up Parties shall not sell or otherwise dispose of more than one percent (1%) of the outstanding shares of Common Stock of the Company, whether publicly or privately during any fiscal quarter of the Company, subject to certain exceptions contained in the Lock-Up Agreements (as hereinafter defined). The Company will deliver to the Representatives the agreements of each of the Lock-Up Parties to the foregoing effect prior to the date of this Agreement (the "**Lock-Up Agreements**"), which Lock-Up Agreements shall be substantially in the form attached hereto as Annex I.

(l) Prior to the Closing Date, the Company shall have procured and shall maintain "key man" life insurance with an insurer rated as least AA or better in the most recent edition of "Best's Life Reports" and in an amount of [$2,500,000] with the Company as sole beneficiary thereof, on the life of [Andrew Limpert].

(m) The Company will 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 Business Day following the fortieth (40th) day following the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business, or as required by law.

(n) As of the Closing Date, the Company shall have engaged a reasonable and professional financial public relations firm in accordance with industry standards.

(o) The Company will retain a transfer agent reasonably acceptable to the Representative for a period of three (3) years following the Closing Date, OTC Stock Transfer, Inc. being reasonably acceptable to the Representative.

(p) The Company will apply the net proceeds from the sale of the Company Firm Shares as set forth under the caption "Use of Proceeds" in the Prospectus. Without the written consent of the Representatives, no proceeds of the Offering will be used to pay principal on outstanding loans from officers, directors or stockholders.

(q) The Company will use its best efforts to effect and maintain the listing of the Shares on the Nasdaq Capital Market or other national securities exchange for at least three (3) years after the Closing Date, except as a result of a transaction approved by the holders of a majority of the shares of Common Stock of the Company issued and outstanding immediately prior to any such transaction.

(r) For a period of at least three (3) years from the Closing Date, the Company shall retain a nationally recognized PCAOB registered independent public accounting firm reasonably acceptable to the Representatives. The Representatives acknowledge that the Auditor is acceptable to the Representatives.

(s) The Company, during the period when the Prospectus is required to be delivered under the Securities Act or the Exchange Act, will file all documents required to be filed with the Commission pursuant to the Securities Act, the Exchange Act and the Rules and Regulations within the time periods required thereby.

(t) The Company will use its best efforts to do and perform all things required to be done or performed under this Agreement by the Company prior to the Closing Date, and to satisfy all conditions precedent to the delivery of the Shares.

(u) The Company will not take, and will cause its Affiliates, including the Selling Stockholders not to take, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Shares.

(v) The Company shall cause to be prepared and delivered to the Representative, at its expense, within one (1) Business Day from the effective date of this Agreement, an Electronic Prospectus to be used by the Underwriters in connection with the Offering. As used herein, the term "**Electronic Prospectus**" means a form of prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representative, that may be transmitted electronically by the other Underwriters to offerees and purchasers of the Shares for at least the period during which a Prospectus relating to the Shares is required to be delivered under the Securities Act; (ii) it shall disclose the same information as the prospectus filed pursuant to EDGAR, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Representative, that will allow recipients thereof to store and have continuously ready access to the prospectus at any future time, without charge to such recipients (other than any fee charged for subscription to the Internet as a whole and for on-line time).

(w) The Company represents and agrees that, unless it obtains the prior written consent of the Representative, and the Representative represents and agrees that, unless it obtains the prior written consent of the Company, it has not made and will not make any offer relating to the Shares that would constitute an "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 under the Securities Act, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representative is hereinafter referred to as a "**Permitted Free Writing Prospectus**." The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "**issuer free writing prospectus**," as defined in Rule 433, and if the Company determines that it will use an issuer free writing prospectus, the Company will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping.

5. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement, the Registration Statement and the Prospectus are consummated or this Agreement is terminated, the Company hereby agrees to pay all costs and expenses relating to the Offering including the following:

(1) all expenses in connection with the preparation, printing, formatting for EDGAR and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and any and all amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers;

(2) all fees and expenses in connection with filing of the Registration Statement and Prospectus with the Commission;

(3) all fees and expenses in connection with filings with FINRA;

(4) all fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Securities Act and the Offering;

(5) all fees and expenses in connection with listing the Shares on the Nasdaq Capital Market;

(6) all fees, expenses and disbursements relating to the registration or qualification of the Shares under the "blue sky" securities laws;

(7) all reasonable travel expenses of the Company's officers and employees and any other expense of the Company incurred in connection with attending or hosting meetings with prospective purchasers of the Shares;

(8) any stock transfer taxes or other taxes incurred in connection with this Agreement;

(9) the cost or preparing, printing and delivering certificates representing the Shares;

(10) the fees and expenses of any transfer agent for the Shares;

(11) the fees and expenses of the Selling Stockholders;

(12) fees of Underwriters' Counsel;

(13) any reasonable cost and expenses in conducting background checks of the Company's officers and directors by a background search firm acceptable to the Representative up to a maximum amount of $4,200; and

(14) all other costs, fees and expenses incident to the performance of the Company obligations hereunder which are not otherwise specifically provided for in this Section 5;

provided, however, that the maximum amount of fees, costs and expenses incurred by the Representatives that the Company shall be responsible for shall be $175,000, of which $125,000 will be used to pay the fees of Underwriters' Counsel. The Company and the Representatives acknowledge that the Company has previously paid to the Representatives an advance in an amount of $35,000 (the "**Advance"**) against the Representatives' out-of pocket expenses.

(b) Notwithstanding anything to the contrary in this Section 5, in the event that this Agreement is terminated by the Company, other than for cause, the Company will pay the out-of pocket expenses actually incurred as allowed under FINRA Rule 5110 by the Underwriters through the date of such termination (including the fees and disbursements of Underwriters' Counsel) less the Advance previously paid. In addition, in the event that this Agreement is terminated by the Company, even though the Representatives were prepared to proceed with the Offering, the Company agrees that for a period of six (6) months from the date of such termination, if the Company sells securities to parties introduced to it by the Representatives in connection with the Offering ("**Introduced Parties**") that the Company shall pay to the Representatives seven percent (7%) of the gross proceeds of the sale of such securities to such Introduced Parties. For purposes of this Section 5(b), "cause" shall mean the material failure of Maxim and Chardan to provide the underwriting services contemplated by this agreement or the Underwriting Agreement.

(c) Notwithstanding anything to the contrary in this Section 5, in the event that this Agreement is terminated pursuant to Section 11(b) hereof, or subsequent to a Material Adverse Change, the Company will pay the out-of pocket expenses actually incurred as allowed under FINRA Rule 5110 by the Underwriters (including the fees and disbursements of Underwriters' Counsel) in an aggregate amount not to exceed $175,000 (of which $125,000 will be used to pay the fees of Underwriters' Counsel) less the Advance previously paid.

(d) It is understood that except as provided in this Section 5, and Sections 7, 8 and 11(d) hereof, the Underwriters will pay all of their own costs and expenses.

6. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Firm Shares or the Option Shares, as the case may be, as provided herein shall be subject to: (i) the accuracy of the representations and warranties of the Company and the Selling Stockholders herein contained, as of the date hereof, as of the Closing Date and as of the Option Closing Date, (ii) the absence from any certificates, opinions, written statements or letters furnished to the Representative or to Underwriters' Counsel pursuant to this Section 6 of any misstatement or omission, (iii) the performance by the Company and the Selling Stockholders of their respective obligations hereunder, and (iv) each of the following additional conditions. For purposes of this Section 6 only, the terms "Closing Date" and "Closing" shall refer to the Closing Date for the Firm Shares and the Option Closing Date for the Option Shares, as the case may be, and each of the foregoing and following conditions must be satisfied as of each Closing.

(a) The Registration Statement shall have become effective and all necessary regulatory or listing approvals shall have been received not later than 5:30 p.m., New York time, on the date of this Agreement, or at such later time and date as shall have been consented to in writing by the Representative. If the Company shall have elected to rely upon Rule 430A under the Securities Act, the Prospectus shall have been filed with the Commission in a timely fashion in accordance with the terms hereof and a form of the Prospectus containing information relating to the description of the Shares and the method of distribution and similar matters shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period; and, at or prior to the Closing Date or the actual time of the Closing, no stop order suspending the effectiveness of the Registration Statement or any part thereof, or any amendment thereof, nor suspending or preventing the use of the Prospectus shall have been issued; no proceedings for the issuance of such an order shall have been initiated or threatened; any request of the Commission for additional information (to be included in the Registration Statement, the Prospectus, or otherwise) shall have been complied with to the Representatives' satisfaction; and FINRA shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(b) The Representatives shall not have reasonably determined, and advised the Company, that the Registration Statement or the Prospectus, or any amendment thereof or supplement thereto contains an untrue statement of fact which, in the Representatives' reasonable opinion, is material, or omits to state a fact which, in the Representatives' reasonable opinion, is material and is required to be stated therein or necessary to make the statements therein not misleading.

(c) The Representatives shall have received the favorable written opinions, including, without limitation, negative assurance letters of (a) Dorsey & Whitney LLP the legal counsel for the Company and (b) Lawson Lundell LLP, Canadian legal counsel for the Subsidiary, each dated as of the Closing Date addressed to the Representative in the forms attached hereto as Annex II and Annex III respectively.

(d) The Representatives shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of the Company, dated as of each Closing Date to the effect that: (i) the condition set forth in subsection (a) of this Section 6 has been satisfied, (ii) as of the date hereof and as of the applicable Closing Date, the representations and warranties of the Company set forth in Sections 1 and 2 hereof are accurate, (iii) as of the applicable Closing Date, all agreements, conditions and obligations of the Company to be performed or complied with hereunder on or prior thereto have been duly performed or complied with, (iv) the Company and the Subsidiary have not sustained any material loss or interference with their respective businesses, whether or not covered by insurance, or from any labor dispute or disruption or any legal or governmental proceeding, (v) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereof has been issued and no proceedings therefor have been initiated or threatened by the Commission, (vi) there are no pro forma or as adjusted financial statements that are required to be included or incorporated by reference in the Registration Statement and the Prospectus pursuant to the Rules and Regulations which are not so included or incorporated by reference, and (vii) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus there has not been any Material Adverse Change or any event that is reasonably likely to result in a Material Adverse Change, whether or not arising from transactions in the ordinary course of business.

(e) The Representatives shall have received a certificate of each of the Selling Stockholders, dated as of each Closing Date to the effect that: (i) as of the date hereof and as of the applicable Closing Date, the representations and warranties of the Company set forth in Sections 3 hereof are accurate and (ii) as of the applicable Closing Date, all agreements, conditions and obligations of the Selling Stockholders to be performed or complied with hereunder on or prior thereto have been duly performed or complied with.

(f) On the date of this Agreement , the Representative shall have received a “cold comfort” letter from the Auditor (and as to any Closing Date, a bring-down letter) as of the date of delivery and addressed to the Representatives and in form and substance satisfactory to the Representatives and Underwriters’ Counsel, confirming that they are independent certified public accountants with respect to the Company and its Subsidiary within the meaning of the Securities Act and the Rules and Regulations, and stating, as of the date of delivery (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five (5) days prior to the date of such letter), the conclusions and findings of such firm with respect to the financial information and other matters relating to the Registration Statement covered by such letter.

(g) Subsequent to the execution and delivery of this Agreement or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any post-effective amendment thereof) and the Prospectus (exclusive of any supplement thereto), there shall not have been any change in the capital stock or long-term debt of the Company or any Subsidiary or any change or development involving a change, whether or not arising from transactions in the ordinary course of business, in the business, condition (financial or otherwise), results of operations, shareholders’ equity, properties or prospects of the Company and the Subsidiary, taken as a whole, including but not limited to the occurrence of any fire, flood, storm, explosion, accident, act of war or terrorism or other calamity, the effect of which, in any such case described above, is, in the sole judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the Offering on the terms and in the manner contemplated in the Prospectus (exclusive of any supplement).

(h) Prior to the execution and delivery of this Agreement, the Representatives shall have received a Lock-Up Agreement from each of the Lock-Up Parties, duly executed by the applicable Lock-Up Party, in each case substantially in the form attached as Annex I.

(i) The Common Stock is registered under the Exchange Act and, as of the Closing Date, the Securities shall be listed and admitted and authorized for trading on the Nasdaq Capital Market and satisfactory evidence of such action shall have been provided to the Representative. The Company shall have taken no action designed to, or likely to have the effect of terminating the registration of the Common Stock under the Exchange Act or delisting or suspending from trading the Common Stock from the Nasdaq Capital Market, nor has the Company received any information suggesting that the Commission or the Nasdaq Capital Market is contemplating terminating such registration or listing. The Shares shall be DTC eligible.

(j) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements. In addition, the Company shall, if requested by the Representatives, make or authorize the Underwriters' Counsel to make on the Company's behalf, an Issuer Filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 2710 with respect to the Registration Statement and pay all filing fees required in connection therewith.

(k) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Shares or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company.

(l) Prior to the execution and delivery of this Agreement, the Representatives shall have received an executed copy of the Power of Attorney and Custody Agreement.

(m) The Company shall have furnished the Representatives and Underwriters' Counsel with such other certificates, opinions or other documents as they may have reasonably requested including without limitation, a certificate of good standing for the Company as of a date no more than three Business Days prior to a Closing Date from the State of Nevada and a certificate of good standing for the Subsidiary as of a date no more than three Business Days prior to a Closing Date from the province of Alberta, Canada.

If any of the conditions specified in this Section 6 shall not have been fulfilled when and as required by this Agreement, or if any of the certificates, opinions, written statements or letters furnished to the Representatives or to Underwriters' Counsel pursuant to this Section 6 shall not be reasonably satisfactory in form and substance to the Representatives and to Underwriters' Counsel, all obligations of the Underwriters hereunder may be cancelled by the Representatives at, or at any time prior to, the consummation of the Closing. Notice of such cancellation shall be given to the Company and the Selling Stockholders in writing or by telephone. Any such telephone notice shall be confirmed promptly thereafter in writing.

7. Indemnification.

(a) The Company agrees to indemnify and hold harmless each of the Underwriters (including specifically each person who may be substituted for an Underwriter as provided in Section 9 hereof), and each Person, if any, who controls each Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in (A) the Registration Statement, including the information deemed to be a part of the Registration Statement at the time of effectiveness and at any subsequent time pursuant to Rules 430A and 430B of the Rules and Regulations, the Prospectus, or any amendment or supplement thereto (including any documents filed under the Exchange Act and deemed to be incorporated by reference into the Prospectus), (B) in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Shares ("**Marketing Materials**"), including any road show or investor presentations made to investors by the Company (whether in person or electronically) or (C) any SEC Reports filed by the Company under the Exchange Act or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such indemnified party for any legal or other expenses reasonably incurred by it in connection with investigating or defending against such loss, claim, damage, liability or action; or (ii) in whole or in part upon any inaccuracy in the representations and warranties of the Company contained herein; or (iii) in whole or in part upon any failure of the Company to perform its obligations hereunder or under law; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any such amendment or supplement, in any Marketing Materials or in any SEC Report, in reliance upon and in conformity with the Underwriters' Information.

(b) The Selling Stockholders, severally and not jointly, shall indemnify and hold harmless each Underwriter (including specifically each person who may be substituted for an Underwriter as provided in Section 9 hereof), who controls any Underwriter within the meaning of Section 15 of the Act, and each Person, if any, who controls each Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as originally filed or any amendment thereof, or any related Preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with information relating to such Selling Stockholder furnished in writing by or on behalf of such Selling Stockholder expressly for use in the Registration Statement, any Preliminary Prospectus, or the Prospectus. The liability of each Selling Stockholder under the indemnity agreement contained in this paragraph shall be limited to the net proceeds received by it from the sale of Selling Stockholder Firm Shares and Option Shares under this Agreement.

(c) Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, each of the Selling Stockholders, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, and each other Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including but not limited to attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as originally filed or any amendment thereof, or any related Preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with the Underwriters' Information; provided, however, that in no case shall any Underwriter be liable or responsible for any amount in excess of the underwriting discount applicable to the Shares to be purchased by such Underwriter hereunder. The parties agree that such information provided by or on behalf of any Underwriter through the Representative consists solely of the Underwriters' Information.

(d) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of any claims or the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the claim or the commencement thereof (but the failure so to notify an indemnifying party shall not relieve the indemnifying party from any liability which it may have under this Section 7 to the extent that it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability that such indemnifying party may have otherwise than on account of the indemnity agreement hereunder). In case any such claim or action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate, at its own expense in the defense of such action, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party; provided however, that counsel to the indemnifying party shall not (except with the written consent of the indemnified party) also be counsel to the indemnified party. Notwithstanding the foregoing, the indemnified party or parties 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 indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, (iii) the indemnifying party does not diligently defend the action after assumption of the defense, or (iv) 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 one or all of the indemnifying parties (in which case the indemnifying parties 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 such fees and expenses shall be borne by the indemnifying parties. No indemnifying party shall, without the prior written consent of the indemnified parties, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened claim, investigation, action or proceeding in respect of which indemnity or contribution may be or could have been sought by an indemnified party under this Section 7 or Section 8 hereof (whether or not the indemnified party is an actual or potential party thereto), unless (x) such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such claim, investigation, action or proceeding and (ii) does not include a statement as to or an admission of fault, culpability or any failure to act, by or on behalf of the indemnified party, and (y) the indemnifying party confirms in writing its indemnification obligations hereunder with respect to such settlement, compromise or judgment.

8. Contribution. In order to provide for contribution in circumstances in which the indemnification provided for in Section 7 is for any reason held to be unavailable from any indemnifying party or is insufficient to hold harmless a party indemnified thereunder, the Sellers and the Underwriters shall contribute to the aggregate losses, claims, damages, liabilities and expenses of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting in the case of losses, claims, damages, liabilities and expenses suffered by the Sellers, any contribution received by the Sellers from Persons, other than the Underwriters, who may also be liable for contribution, including Persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, officers of the Company who signed the Registration Statement and directors of the Company) as incurred to which the Sellers and one or more of the Underwriters may be subject, in such proportions as is appropriate to reflect the relative benefits received by the Sellers and the Underwriters from the Offering or, if such allocation is not permitted by applicable law, in such proportions as are appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Sellers and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Sellers and the Underwriters shall be deemed to be in the same proportion as (x) the total proceeds from the Offering (net of underwriting discounts and commissions but before deducting expenses) received by the Sellers bears to (y) the underwriting discount or commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of each of the Sellers and of the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Sellers or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Sellers and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any judicial, regulatory or other legal or governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 8: (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the discounts and commissions applicable to the Shares underwritten by it and distributed to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) 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. For purposes of this Section 8, each Person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clauses (i) and (ii) of the immediately preceding sentence. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties, notify each party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 8 or otherwise. The obligations of the Underwriters to contribute pursuant to this Section 8 are several in proportion to the respective number of Shares to be purchased by each of the Underwriters hereunder and not joint.

9. Underwriter Default.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase the Shares, and if the securities with respect to which such default relates (the "**Default Securities**") do not (after giving effect to arrangements, if any, made by the Representative pursuant to subsection (b) below) exceed in the aggregate 10% of the number of Shares, each non-defaulting Underwriter, acting severally and not jointly, agrees to purchase from the Company or the Selling Stockholders, as applicable, that number of Default Securities that bears the same proportion of the total number of Default Securities then being purchased as the number of Shares set forth opposite the name of such Underwriter on Schedule A hereto bears to the aggregate number of Shares set forth opposite the names of the non-defaulting Underwriters, subject, however, to such adjustments to eliminate fractional shares as the Representatives in their sole discretion shall make.

(b) In the event that the aggregate number of Default Securities exceeds 10% of the number Shares, the Representatives may in their discretion arrange for themselves or for another party or parties (including any non-defaulting Underwriter or Underwriters who so agree) to purchase the Default Securities on the terms contained herein. In the event that within five calendar days after such a default the Representatives do not arrange for the purchase of the Default Securities as provided in this Section 9, this Agreement shall thereupon terminate, without liability on the part of the Company with respect thereto (except in each case as provided in Sections 5, 7, 8, 9 and 11(d)) or the Underwriters, but nothing in this Agreement shall relieve a defaulting Underwriter or Underwriters of its or their liability, if any, to the other Underwriters and the Company for damages occasioned by its or their default hereunder.

(c) In the event that any Default Securities are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representatives or the Company or, the case of the Option Closing, the Selling Stockholders, shall have the right to postpone the Closing Date for a period, not exceeding five (5) Business Days, in order to effect whatever changes may thereby be necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment or supplement to the Registration Statement or the Prospectus which, in the reasonable opinion of Underwriters' Counsel, may thereby be made necessary or advisable. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 9 with like effect as if it had originally been a party to this Agreement with respect to such Shares.

10. Survival of Representations and Agreements. All representations and warranties, covenants and agreements of the Company, the Selling Stockholders and the Underwriters contained in this Agreement or in certificates of the Selling Stockholders or in certificates of officers of the Company or the Subsidiary submitted pursuant hereto, including the agreements contained in Section 5, the indemnity agreements contained in Section 7 and the contribution agreements contained in Section 8 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling Person thereof or by or on behalf of the Company, any of its officers and directors or any controlling Person thereof, and shall survive delivery of and payment for the Shares to and by the Underwriters. The covenants and agreements contained in Sections 5, 7, 8, this Section 10 and Sections 13 and 14 hereof shall survive any termination of this Agreement, including termination pursuant to Section 9 or 11 hereof. The representations and covenants contained in Sections 2, 3 and 4 hereof shall survive termination of this Agreement if any Shares are purchased pursuant to this Agreement.

11. Effective Date of Agreement; Termination.

(a) This Agreement shall become effective upon the later of: (i) receipt by the Representatives and the Company of notification of the effectiveness of the Registration Statement or (ii) the execution of this Agreement. Notwithstanding any termination of this Agreement, the provisions of this Section 11 and of Sections 5, 7, 8, 10, 13 and 14, inclusive, shall remain in full force and effect at all times after the execution hereof. If this Agreement is terminated after any Shares have been purchased hereunder, the provisions of Sections 2, 3 and 4 hereof shall survive termination of this Agreement.

(b) The Representatives shall have the right to terminate this Agreement at any time prior to the consummation of the Closing if: (i) any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Representatives will in the immediate future materially disrupt, the market for the Company's securities or securities in general; or (ii) trading on the NYSE Euronext or the Nasdaq Stock Market shall have been suspended or been made subject to material limitations, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, on the NYSE Euronext or the Nasdaq Stock Market or by order of the Commission, FINRA or any other governmental authority having jurisdiction; or (iii) a banking moratorium has been declared by any state or federal authority or if any material disruption in commercial banking or securities settlement or clearance services shall have occurred; or (iv) (A) there shall have occurred any outbreak or escalation of hostilities or acts of terrorism involving the United States or there is a declaration of a national emergency or war by the United States or (B) there shall have been any other calamity or crisis or any change in political, financial or economic conditions if the effect of any such event in (A) or (B), in the judgment of the Representatives, is so material and adverse that such event makes it impracticable or inadvisable to proceed with the offering, sale and delivery of the Shares on the terms and in the manner contemplated by the Prospectus.

(c) Any notice of termination pursuant to this Section 11 shall be in writing.

(d) If this Agreement shall be terminated pursuant to any of the provisions hereof (other than pursuant to Sections 9(b), 11(b)(i) relating to disruptions in the market for non-Company securities, 11(b)(ii) or 11(b)(iii) hereof), or if the sale of the Shares provided for herein is not consummated because any condition to the obligations of the Underwriters set forth herein is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof, the Company will, subject to demand by the Representatives, reimburse the Underwriters for only those out-of-pocket expenses (including the reasonable fees and expenses of their counsel), actually incurred by the Underwriters in connection herewith, less any amounts previously paid by the Company.

12. Notices. All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing, and:

(a) if sent to the Representatives or any Underwriter, shall be mailed, delivered, or faxed and confirmed in writing, to Maxim Group LLC, 405 Lexington Avenue, New York, New York 10174, Attention: Clifford A. Teller, Executive Managing Director of Investment Banking, and Chardan Capital Markets LLC, 17 State Street, Suite 1600, New York, New York 10004, Attention: Jonas Grossman, with a copy to Underwriters' Counsel at Loeb & Loeb LLP, 345 Park Avenue, New York, New York 10154 Attention: Mitchell S. Nussbaum, Esq.;

(b) if sent to the Company, shall be mailed, delivered, or faxed and confirmed in writing to the Company and its counsel at the addresses set forth in the Registration Statement; and

(c) if sent to the Selling Stockholders, shall be mailed, delivered or faxed and confirmed in writing to _____.

provided, *however*, that any notice to an Underwriter pursuant to Section 7 shall be delivered or sent by mail or facsimile or other form of electronic transmission to such Underwriter at its address set forth in its acceptance facsimile to the Representatives, which address will be supplied to any other party hereto by the Representatives upon request. Any such notices and other communications shall take effect at the time of receipt thereof.

13. Parties; Limitation of Relationship. This Agreement shall inure solely to the benefit of, and shall be binding upon, the Underwriters, the Company, the Selling Stockholders and the controlling Persons, directors, officers, employees and agents referred to in Sections 7 and 8 hereof, and their respective successors 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 provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and said controlling Persons and their respective successors, officers, directors, heirs and legal representative, and it is not for the benefit of any other Person. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of Shares from any of the Underwriters.

14. Governing Law. This Agreement shall be deemed to have been executed and delivered in New York and both this Agreement and the transactions contemplated hereby shall be governed as to validity, interpretation, construction, effect, and in all other respects by the laws of the State of New York, without regard to the conflicts of laws principals thereof (other than Section 5-1401 of The New York General Obligations Law). Each of the Underwriters, the Selling Stockholders and the Company: (a) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York, (b) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (c) irrevocably consents to the jurisdiction of Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the Underwriters and the Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York and agrees that service of process upon the Company mailed by certified mail to the Company's address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service of process upon the Company, in any such suit, action or proceeding; service of process upon any Selling Stockholder mailed by certified mail to the address of such Selling Stockholder or delivered by Federal Express via overnight delivery to the address of such Selling Stockholder shall be deemed in every respect effective service of process upon such Selling Stockholder, in any such suit, action or proceeding; and service of process upon the Underwriters mailed by certified mail to the Underwriters' address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service process upon the Underwriter, in any such suit, action or proceeding. THE COMPANY (ON BEHALF OF ITSELF, THE SUBSIDIARY AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE EQUITY HOLDERS AND CREDITORS) HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT AND THE PROSPECTUS. EACH OF THE SELLING STOCKHOLDERS HEREBY WAIVES ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT AND THE PROSPECTUS

15. Entire Agreement. This Agreement, together with the schedules and annexes attached hereto and as the same may be amended from time to time in accordance with the terms hereof, contains the entire agreement among the parties hereto relating to the subject matter hereof and there are no other or further agreements outstanding not specifically mentioned herein.

16. Severability. If any term or provision of this Agreement or the performance thereof shall be invalid or unenforceable to any extent, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement and this Agreement shall be valid and enforced to the fullest extent permitted by law.

17. Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

18. 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.

19. No Fiduciary Relationship. The Company and each of the Selling Stockholders hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the offering of the Shares. The Company and each of the Selling Stockholders further acknowledge that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company, its management, shareholders, creditors, the Selling Stockholders or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the offering of the Shares, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company and the Selling Stockholders, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company and each of the Selling Stockholders hereby confirms its understanding and agreement to that effect. The Company and each of the Selling Stockholders hereby further confirms its understanding that no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company or any of the Selling Stockholders with respect to the Offering contemplated hereby or the offering process leading thereto, including any negotiation related to the pricing of the Shares; and the Company and each of the Selling Stockholders has consulted its own legal and financial advisors to the extent it has deemed appropriate in connection with this Agreement and the Offering. The Company, each of the Selling Stockholders and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions, and that any opinions or views expressed by the Underwriters to the Company or any of the Selling Stockholders regarding such transactions, including but not limited to any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company or the Selling Stockholders. The Company and each of the Selling Stockholders hereby waives and releases, to the fullest extent permitted by law, any claims that they may have against the Underwriters with respect to any breach or alleged breach of any fiduciary or similar duty to the Company or any of the Selling Stockholders in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Delivery of a signed counterpart of this Agreement by facsimile transmission or other form of electronic shall constitute valid and sufficient delivery thereof.

21. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

22. Time is of the Essence. Time shall be of the essence of this Agreement. As used herein, the term "Business Day" shall mean any day other than a Saturday, Sunday or any day on which the major stock exchanges in New York, New York are not open for business.

[Signature Pages Follow]

If the foregoing correctly sets forth your understanding, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

PROFIRE ENERGY, INC.

By:
Name:
Title: Chief Executive Officer

Selling Stockholders:

By:
Name:

By:
Name:

By:
Name:

Accepted by the Representatives, acting for themselves and as Representatives of the Underwriters named on Schedule A **attached hereto, as of the date first written above:**

MAXIM GROUP LLC

By:

Name: Clifford A. Teller

Title: Executive Managing Director, Investment Banking

CHARDAN CAPITAL MARKETS LLC

By:

Name: Jonas Grossman

Title: Head of Capital Markets

[Signature Page to Underwriting Agreement]

SCHEDULE A

Name of Underwriter	Number of Firm Shares Being Purchased from the Company	Number of Firm Shares Being Purchased from the Selling Stockholders
Maxim Group LLC		
Chardan Capital Market, LLC		

SCHEDULE B

SELLING STOCKHOLDERS

Name of Selling Stockholder	Number of Selling Stockholder Firm Shares Being Sold	Number of Option Shares Being Sold

SCHEDULE C

LOCKUP PARTIES

Brenton W. Hatch

Harold Albert

Andrew W. Limpert

Arlen B. Crouch

Stephen E. Pirnat

Daren J. Shaw

Ronald R. Spoehel

ANNEX I

FORM OF LOCK-UP AGREEMENT

_____, 2014

Maxim Group LLC

405 Lexington Avenue

New York, NY 10174

Chardan Capital Markets, LLC

17 State Street, Suite 1600

New York, NY 10004

As Representatives of the Several Underwriters

Re: Public Offering of Profire, Inc.

Ladies and Gentlemen:

The undersigned, a holder of shares of common stock, par value $.001 per share ("**Common Stock**"), or securities convertible into or exercisable for Common Stock or rights to acquire Common Stock, of Profire, Inc (the "**Company**") understands that you, as representative (the "**Representatives**") of the several Underwriters, propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with the Company, providing for the public offering of Common Stock pursuant to registration statement number 333-196462 (the "**Public Offering**") by the several Underwriters named on **Schedule I** to the Underwriting Agreement (the "**Underwriters**"), of Common Stock of the Company. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to enter into the Underwriting Agreement and to proceed with the Public Offering, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees for the benefit of the Company, the Representatives and the other Underwriters that, without the prior written consent of the Representatives, the undersigned will not, during the period beginning on the date hereof and ending on the date which is 180 days after the Closing Date (the "**Lock-Up Period**") directly or indirectly, unless otherwise provided herein, (a) offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, borrow or otherwise dispose (each a "**Transfer**") of any Relevant Security (as defined below), or (b) establish or increase any "put equivalent position" or liquidate or decrease any "call equivalent position" with respect to any Relevant Security (in each case within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder), or otherwise enter into any swap, derivative or other transaction or arrangement that Transfers to another, in whole or in part, any economic consequence of ownership of a Relevant Security, whether or not such transaction is to be settled by delivery of Relevant Securities, other securities, cash or other consideration. As used herein, the term "**Relevant Security**" means any shares of Common Stock, warrant or option to purchase Common Stock or other security of the Company or any other entity that is convertible into, or exercisable or exchangeable for shares of Common Stock or equity securities of the Company, in each that are owned by the undersigned on the Effective Date or acquired by the undersigned during the Lock-Up Period.

The foregoing restrictions shall not apply to (a) the Transfer by the undersigned in the Public Offering of any Selling Stockholder Firm Shares or Option Shares pursuant to the terms of the Underwriting Agreement, (b) the Transfer by the undersigned during each fiscal quarter within the Lock-Up Period, of Relevant Securities representing no more than one percent (1%) of the Company's then-outstanding Common Stock (measured as of the date of the Transfer), (c) the exercise of stock options granted pursuant to the Company's equity incentive plans (whether on a cash or cashless basis) or the conversion or redemption of outstanding convertible securities, provided that the restrictions herein shall apply to any of the Relevant Securities issued upon such exercise, conversion or redemption, as the case may be or (d) Transfers of Relevant Securities: (i) to the spouse or any lineal descendant of the undersigned, (ii) for bona fide financial and estate planning purposes, including, but not limited to, transfers to any trust for the direct or indirect benefit of the undersigned or the spouse or lineal descendent of the undersigned, (iii) by testate succession or intestate succession, or (iv) by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement; *provided* that in the case of any Transfer pursuant to clause (d), such Transfer does not involve a disposition for value and each donee or distributee shall sign and deliver a lock-up agreement substantially in the form of this agreement.

In addition, the undersigned hereby agrees that, without the prior written consent of the Representatives, during the Lock-Up Period and except with respect to the rights of the undersigned to participate in the Public Offering, the undersigned will not: (i) file or participate in the filing with the Securities and Exchange Commission of any registration statement, or circulate or participate in the circulation of any preliminary or final prospectus or other disclosure document with respect to any proposed offering or sale of a Relevant Security and (ii) exercise any rights the undersigned may have to require registration with the Securities and Exchange Commission of any proposed offering or sale of a Relevant Security.

In addition, to the extent required by applicable law, if: (i) the Company issues an earnings release or material news or a material event relating to the Company occurs during the last seventeen (17) days of the Lock-Up Period, or (ii) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this Agreement shall continue to apply until the expiration of the eighteen (18)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless the Representative waive, in writing, such extension or the undersigned receives prior written confirmation from the Representatives or the Company that the restrictions imposed herein have expired.

In furtherance of the undersigned's obligations hereunder, the undersigned hereby authorizes the Company during the Lock-Up Period to cause any transfer agent for the Relevant Securities to decline to transfer, and to note stop transfer restrictions on the stock register and other records relating to, Relevant Securities for which the undersigned is the record holder and the transfer of which would be a violation of this lock-up agreement and, in the case of Relevant Securities for which the undersigned is the beneficial but not the record holder, agrees during the Lock-Up Period to cause the record holder to cause the relevant transfer agent to decline to transfer, and to note stop transfer restrictions on the stock register and other records relating to, such Relevant Securities to the extent such transfer would be violation of this lock-up agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement and that this letter agreement constitutes the legal, valid and binding obligation of the undersigned, enforceable in accordance with its terms. Upon request, the undersigned will execute any additional documents necessary in connection with enforcement hereof. Any obligations of the undersigned shall be binding upon the successors and assigns of the undersigned from the date first above written.

The undersigned understands that, if the Underwriting Agreement or the Registration Statement does not become effective, the Company or the Representative informs the other that it does not intend to proceed with the Public Offering, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Firm Shares to be sold thereunder, the undersigned shall be released from all obligations under this letter agreement.

The undersigned, whether or not participating in the Public Offering, understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this letter agreement.

This lock-up agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof. Delivery of a signed copy of this letter agreement by facsimile or e-mail/.pdf transmission shall be effective as delivery of the original hereof.

Very truly yours,

Name:

ANNEX II

FORM OF U.S. COUNSEL OPINION

(1) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Nevada, with the requisite corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement and the Prospectus and to enter into and perform its obligations under the Underwriting Agreement;

(2) The Shares to be issued and sold by the Company to the Underwriters pursuant to the Underwriting Agreement have been duly and validly authorized and, when issued and delivered to and paid for by the Underwriters in accordance with the terms of the Underwriting Agreement, will be duly and validly issued and fully paid and non-assessable and will conform to the descriptions thereof contained in the Registration Statement and the Prospectus; and the issuance of such Shares is not subject to any right of first refusal, preemptive right or similar right;

(4) The Underwriting Agreement has been duly authorized, executed and delivered by the Company and the Company has all the requisite corporate power and authority to enter into the Underwriting Agreement and to perform its obligations thereunder;

(5) The Underwriting Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws of general applicability affecting the rights of creditors generally, and (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws in the United States.

(6) The statements in the Registration Statement and the Prospectus under the headings “Description of Capital Stock” and in the Registration Statement in Part II, Item 15, insofar as such statements purport to summarize legal matters, agreements or documents discussed therein, fairly summarize such legal matters, agreements or documents, in all material respects.

(7) The execution and delivery by the Company of the Underwriting Agreement and the consummation by the Company of the transactions contemplated thereby including the issuance and sale of the Shares does not conflict with or result in a breach or violation of or default under (i) the Company’s articles of incorporation or bylaws, (ii) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, included as an exhibit to the Registration Statement or the SEC Reports or (iii) the Nevada Revised Statutes or to our knowledge, any statute, rule, or regulation of any U.S. Federal or New York governmental agency or body, which, in our experience, is typically applicable to transactions of the nature contemplated by the Underwriting Agreement and is applicable to the Company in the case of each of clauses (ii) and (iii) the violation of which would materially and adversely affect the Company.

(8) No consent, approval, authorization, or order of, or filing (each, a "Consent") with, any U.S. Federal or New York governmental agency or body, or any Consent under the Nevada Revised Statutes, is required to be obtained or made by the Company in connection with the execution and delivery by the Company of the Underwriting Agreement or the performance by the Company of its obligations thereunder, including the issuance and sale of the Shares being delivered on the Closing Date to the Underwriters, except (i) as may be required under the Securities Act or Exchange Act, (ii) as may be required under state securities laws, as to which we express no opinion, (iii) as may be required under the Financial Industry Regulatory Authority, Inc., rules and regulations, as to which we express no opinion, and (iv) as would not individually or in the aggregate materially and adversely affect the ability of the Company to perform its obligations under the Underwriting Agreement.

(9) To our knowledge, other than as set forth in the Registration Statement and the Prospectus, there are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is or the subject which, if determined adversely to the Company would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company or would prevent or impair the consummation of the transactions contemplated by the Underwriting Agreement, or which are required to be described in the Registration Statement and the Prospectus

(10) The Company is not and, after giving effect to the offering and sale of the Shares as contemplated herein and the application of the net proceeds therefrom as described in the Registration Statement and the Prospectus, will not be an "investment company", as such term is defined in the Investment Company Act of 1940;

(10) The Registration Statement, including any Rule 462(b) Registration Statement, has been declared effective under the Securities Act; any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by Rule 424(b); all material required to be filed by the Company pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433 under the Securities Act; and no stop order suspending the effectiveness or use of the Registration Statement, and the Prospectus has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to our knowledge, threatened by the Commission;

(11) A notification with respect to the listing of the Shares on The Nasdaq Capital Market has been duly filed with and approved by Nasdaq;

(12) The Registration Statement, including any information deemed to be part thereof pursuant to Rule 430A under the Securities Act, as of its effective date, and the Prospectus and each supplement thereto, as of their respective dates (and, in each case, other than the financial statements and related schedules, and other financial and statistical data, contained therein or omitted therefrom, as to which we express no opinion or belief), appeared on their face to comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations of the Commission promulgated thereunder

(13) To our knowledge, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to shares of Common Stock or other securities to include such shares of Common Stock or other securities as part of the offering contemplated hereby.

In addition, although we are not passing upon and do not assume any responsibility for nor have they independently verified, the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus, in connection with the preparation of the Registration Statement and the Prospectus, we have participated in conferences with representatives and counsel of the Representatives and with certain officers and employees of, and counsel and independent certified public accountants for, the Company, at which conferences the contents of the Registration Statement and the Prospectus and related matters were discussed, and we advise the Underwriters that nothing has come to our attention that would lead us to believe that:

- as of its effective date, the Registration Statement (other than the financial statements, related schedules and other financial data therein, as to which we do express no opinion), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that,

- as of the Applicable Time, the Preliminary Prospectus [and any Issuer-Represented Free Writing Prospectus] (other than the financial statements, related schedules and other financial data therein, as to which express no opinion) contained an untrue statement of a material fact or omitted to state 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, or that

- as of its date or as of the applicable time of delivery, the Prospectus (other than the financial statements, related schedules and other financial data therein, as to which we express no opinion) contained an untrue statement of a material fact or omitted to state 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.

provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements made or the information contained in, incorporated by reference in, or omitted from, the Registration Statement, the Preliminary Prospectus or the Prospectus, and we do not express any view or belief with respect to the financial statements and the related notes thereto or financial schedules or other financial, statistical or accounting data or information or assessments of or reports on the effectiveness of internal control over financial reporting included in, incorporated by reference in, or omitted from, the Registration Statement, the Preliminary Prospectus or the Prospectus.

The purpose of our engagement was not to establish or confirm factual matters set forth in the Registration Statement, the Preliminary Prospectus or the Prospectus, and we have not undertaken any obligation to verify independently any of the factual matters set forth in the Registration Statement, the Preliminary Prospectus or the Prospectus.

ANNEX II

FORM OF CANADIAN COUNSEL OPINION

1. Profire Combustion, Inc., an Alberta, Canadian corporation ("PC") has been duly incorporated and is validly existing and in good standing under the laws of Alberta, Canada, with the requisite corporate power to own or lease, as the case may be, and operate its properties, and to conduct its business, as described in the Registration Statement and the Prospectus. 100% of the equity interests of PC are owned by Profire Energy, Inc. (the "Company"), and to our Knowledge, such equity interests are free and clear of all liens, encumbrances, equities or claims. The Articles of Association formation and organizational documents of PC comply with the requirements of applicable laws and regulations of Alberta, Canada and are in full force and effect.

2. PC has full corporate right, power and authority to own its properties and conduct its business as currently being carried out and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3. PC has not taken any action nor have any steps been taken or legal or administrative proceedings been commenced or threatened for the winding up, dissolution or liquidation of PC.

4. PC is not currently prohibited, directly or indirectly, by its Articles of Association or its Material Agreements [(as listed on Exhibit A hereto)] from paying any dividends to the Company or making any other distribution on its equity capital ("Distribution"), provided such Distribution is in compliance with the limitations provided under applicable law or repaying to the Company any loans or advances to PC from the Company.

5. There are no material legal, arbitration or governmental proceedings in progress or pending or, to our Knowledge, threatened, to which PC is a party or of which any property of PC is subject.

6. The sale of the Shares and the compliance by the Company with the terms of the Underwriting Agreement and the consummation by the Company of the transactions contemplated thereby do not result in any violation of (i) the provisions of the Articles of Association of PC, (ii) any applicable statute of Alberta, Canada, or (iii) to our Knowledge, any order, rule or regulation, of any governmental agency of Alberta, Canada having jurisdiction over PC. No governmental authorization of any governmental agency in Alberta, Canada is required for the consummation by the Company of the transactions contemplated by the Underwriting Agreement.

The term "Knowledge" as used in this opinion shall mean the actual knowledge of the attorneys who have been directly involved in representing PC after due and reasonable inquiry.

OPINION AND CONSENT OF DORSEY & WHITNEY LLP

June 24, 2014

Profire Energy, Inc.
321 South 1250 West, Suite 1
Lindon, Utah 84042

Re: Registration Statement on Form S-1 (File No. 333-196462)

Ladies and Gentlemen:

We have acted as counsel to Profire Energy, Inc., a Nevada corporation (the "Company"), in connection with a Registration Statement on Form S-1 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to (i) the offer and sale by the Company of up to 4,500,000 shares of common stock, par value $0.001 per share (the "Common Stock"), of the Company (the "Primary Shares") and (ii) the offer and sale by certain selling stockholders named in the Registration Statement (the "Selling Stockholders") of up to 675,000 shares of Common Stock, subject to the exercise of the underwriters' over-allotment option (the "Secondary Shares"). The Registration Statement also relates to the issuance by the Company of up to an aggregate of 45,000 shares of Common Stock and the transfer by the Selling Stockholders of up to an aggregate of 6,750 shares of common stock, subject to the exercise of the underwriters' over-allotment option, to the underwriters as part of the underwriters' discounts and commissions (the "Underwriter Shares" and, together with the Primary Shares and the Secondary Shares, the "Shares").

We have examined such documents and have reviewed such questions of law as we have considered necessary or appropriate for the purposes of our opinions set forth below. In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures and the conformity to authentic originals of all documents submitted to us as copies. We have also assumed the legal capacity for all purposes relevant hereto of all natural persons and that the Primary Shares will be priced by the Pricing Committee established by the authorizing resolutions adopted by the Company's Board of Directors in accordance with such resolutions. As to questions of fact material to our opinions, we have relied upon certificates or comparable documents of officers and other representatives of the Company and of public officials.

Based on the foregoing, we are of the opinion that:

1. The Primary Shares, when issued, delivered and paid for as described in the Registration Statement, will be validly issued, fully paid and non-assessable.

2. The Secondary Shares have been validly issued and are fully paid and non-assessable.

3. The Underwriter Shares, when issued and delivered as described in the Registration Statement, will be validly issued, fully paid and non-assessable.

Our opinions expressed above are limited to the laws of the State of Nevada governing private corporations (i.e. Title 7, Chapter 78 of the Nevada Revised Statutes) and the federal laws of the United States of America.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to the reference to our firm under the heading “Legal Matters” in the prospectus constituting part of the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Dorsey & Whitney LLP

Registered with the Public Company
Accounting Oversight Board

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Profire Energy, Inc.

As independent registered public accountants, we hereby consent to the use of our report dated July 1, 2013, with respect to the financial statements of Profire Energy, Inc., in its registration statement on Form S-1 relating to the registration of 6,900,000 shares of common stock. We also consent to the reference of our firm under the caption "interests of name experts and counsel" in the registration statement.

/s/ Sadler, Gibb & Associates, LLC

Salt Lake City, UT
June 24, 2014

office 801.528.9222
fax 801.528.9223
www.sadlergibb.com | 170 South Main Street Suite 1120, Salt Lake City, UT 84101