

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-54258

TERRA TECH CORP.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

26-3062661

(I.R.S. Employer
Identification No.)

4700 Von Karman, Suite 110
Newport Beach, California 92660
(Address of principal executive offices)
(ZIP Code)

(855) 447-6967
(Registrant's telephone number, including area code)

N/A

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 9, 2016, there were 349,911,822 shares of common stock outstanding, 100 shares of Series A Preferred Stock, convertible at any time into 100 shares of common stock, 24,818,700 shares of Series B Preferred Stock, convertible into approximately 133,631,960 shares of common stock, 21,378 shares of Series Q Preferred Stock, convertible into approximately 106,890,000 shares of common stock, 8,166 shares of Series Z Preferred Stock, convertible into approximately 15,164,262 shares of Series B Preferred Stock, which are convertible into approximately 81,649,323 shares of common stock and 29,871,782 shares of common stock issuable upon the exercise of all of our outstanding warrants.

TERRA TECH CORP.
Form 10-Q

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TERRA TECH CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2016	December 31, 2015
	<u>Unaudited</u>	<u></u>
Assets		
Current Assets:		
Cash	\$ 1,131,000	\$ 418,082
Accounts receivable, net	803,916	741,844
Prepaid expenses	19,368	147,230
Inventory	1,319,061	949,448
Total Current Assets	<u>3,273,345</u>	<u>2,256,604</u>
Property, equipment and leasehold improvements, net	7,314,449	6,694,975
Intangible assets, net	1,474,690	118,932
Deposits	90,636	94,528
Total Assets	<u>\$ 12,153,120</u>	<u>\$ 9,165,039</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,394,387	\$ 1,119,459
Derivative liability	1,334,000	743,400
Short-term debt	553,778	917,363
Total Current Liabilities	<u>3,282,165</u>	<u>2,780,222</u>
Long Term Liabilities		
Long-term debt	1,250,000	-
Deferred tax liability, net	44,000	44,000
Total Long Term Liabilities	<u>1,294,000</u>	<u>44,000</u>
Commitment and Contingencies		
Stockholders' Equity		
Preferred stock, Convertible Series A, Par value \$0.001; authorized and issued 100 shares as of March 31, 2016 and December 31, 2015, respectively	-	-

Preferred stock, Convertible Series B, Par value \$0.001;authorized 24,968,000 shares as of March 31, 2016; authorized 24,999,900 shares as of December 31, 2015; issued and outstanding 16,150,000 and 16,300,000 as of March 31, 2016 and December 31, 2015, respectively	16,150	16,300
Preferred stock, Convertible Series Q, Par value \$0.001;authorized 21,600 shares as of March 31, 2016;no shares outstanding as of March 31, 2016	-	-
Preferred stock, Convertible Series Z, Par value \$0.001;authorized 8,300 shares as of March 31, 2016;no shares outstanding as of March 31, 2016	-	-
Common stock, Par value \$0.001; authorized 350,000,000shares; issued 349,739,408 and 303,023,744 shares as of March 31, 2016 and December 31, 2015, respectively	349,740	303,024
Additional paid-in capital	57,176,915	51,843,071
Accumulated Deficit	(50,078,173)	(45,952,109)
Total Terra Tech Corp. stockholders' equity	<u>7,464,632</u>	<u>6,210,286</u>
Non-controlling interest	112,323	130,531
Total Stockholders' Equity	<u>7,576,955</u>	<u>6,340,817</u>
Total Liabilities and Stockholders' Equity	<u>\$ 12,153,120</u>	<u>\$ 9,165,039</u>

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

TERRA TECH CORP.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2016	2015
Total Revenues	\$ 1,548,167	\$ 763,353
Cost of Goods Sold	<u>1,414,193</u>	<u>545,412</u>
	133,974	217,941
Selling, general and administrative expenses	<u>2,046,348</u>	<u>2,322,511</u>
Loss from operations	(1,912,374)	(2,104,570)
Other Income (Expenses)		
Amortization of debt discount	(94,406)	(41,126)
Loss on extinguishment of debt	(920,797)	-
Loss from derivatives issued with debt greater than debt carrying value	-	(224,000)

Gain (Loss) on fair market valuation of derivatives	(1,160,700)	408,200
Interest Expense	<u>(55,995)</u>	<u>(188,529)</u>
Total Other Income (Expense)	<u>(2,231,898)</u>	<u>(45,455)</u>
Loss before Provision of Income Taxes	(4,144,272)	(2,150,025)
Provision for income taxes	<u>-</u>	<u>-</u>
Net Loss	(4,144,272)	(2,150,025)
Net Loss attributable to non-controlling interest	18,208	73,511
Net Loss attributable to Terra Tech Corp.	<u>\$ (4,126,064)</u>	<u>\$ (2,076,514)</u>
Net Loss per Common Share attributable to Terra Tech Corp. common stockholders - Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	<u>326,500,982</u>	<u>204,859,138</u>

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

TERRA TECH CORP.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (4,126,064)	\$ (2,076,514)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Gain) loss on fair market valuation of derivatives	1,160,700	(408,200)
Loss on extinguishment of debt	920,797	-
Amortization of debt discount	94,406	41,126
Depreciation and amortization	161,349	159,434
Stock issued for services	60,550	104,166

Stock option expense	47,589	-
Equity instruments issued with debt greater than debt carrying amount	-	224,000
Change in accounts receivable reserve	(6,659)	50,832
Changes in operating assets and liabilities:		
Accounts receivable	(55,413)	(326,793)
Prepaid expenses	127,862	34,234
Inventory	(310,991)	118,106
Deposits	3,892	(75,735)
Accounts payable	265,177	950,088
Net cash used in operations	<u>(1,656,805)</u>	<u>(1,205,256)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(770,203)	(43,212)
Purchase of intangible assets - domain names	(50,000)	-
Net cash used in investing activities	<u>(820,203)</u>	<u>(43,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	-	750,000
Proceeds from issuance of common stock	3,208,134	-
Payments by subsidiaries for non-controlling interest	(18,208)	(73,511)
Net cash provided by financing activities	<u>3,189,926</u>	<u>676,489</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	712,918	(571,979)
CASH AND CASH EQUIVALENTS, beginning of period	<u>418,082</u>	<u>846,650</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,131,000</u>	<u>\$ 274,671</u>
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	<u>\$ 9,000</u>	<u>\$ -</u>

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

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

References in this document to the "Company," "Terra Tech," "we," "us," or "our" are intended to mean Terra Tech Corp., individually, or as the context requires, collectively with its subsidiaries on a consolidated basis.

The Company was incorporated in Nevada on July 22, 2008, under the name Private Secretary, Inc. The Company's original business was developing a software program that would allow for automatic call processing through voice-over-Internet protocol, or "VoIP", technology. The Company's operations were limited to capital formation, organization, and development of its business plan and target customer market. The Company generated no revenue. The Company changed its name to Terra Tech Corp. on January 27, 2012.

On February 9, 2012, the Company completed a reverse-triangular merger with GrowOp Technology Ltd., a Nevada corporation ("GrowOp Technology"), whereby it acquired all of the issued and outstanding shares of GrowOp Technology and in exchange the Company issued: (i) 33,998,520 shares of its common stock, (ii) 100 shares of Series A Preferred Stock, convertible into shares of common stock on a one-for-one basis, and (iii) 14,750,000 shares of Series B Preferred Stock, with each share convertible into 5.384325537 shares of common stock. As a result of the merger, GrowOp Technology became the Company's wholly-owned subsidiary. Following the merger, Terra Tech ceased its prior operations and is now solely a holding company. Through GrowOp Technology, the Company engages in the design, marketing, and sale of hydroponic equipment with proprietary technology to create sustainable solutions for the cultivation of indoor agriculture.

The Company is also a wholesale seller of locally grown hydroponic produce, herbs, and florals through its wholly-owned subsidiary, Edible Garden Corp., a Nevada corporation ("Edible Garden"). The Company acquired all of the issued and outstanding shares in Edible Garden pursuant to a Share Exchange Agreement, dated March 23, 2013 (the "Share Exchange Agreement"), entered into by and among the Company, Edible Garden, and the stockholders of Edible Garden. Pursuant to the Share Exchange Agreement, the Company offered and sold 1,250,000 shares of its common stock in consideration for all the issued and outstanding shares in Edible Garden. Separately, Amy Almsteier, one of the Company's stockholders and a director (and, at that time, an executive officer), offered and sold 7,650,000 shares of Series B Preferred Stock to Kenneth Vande Vrede, Michael Vande Vrede, Steven Vande Vrede, Daniel Vande Vrede, Beverly Willekes, and David Vande Vrede (collectively, the "Former EG Principal Stockholders").

On March 19, 2014, the Company formed MediFarm, LLC, a Nevada limited liability company ("MediFarm"), a subsidiary. On July 18, 2014, the Company formed MediFarm I, LLC, a Nevada limited liability company ("MediFarm I"), a subsidiary. On July 30, 2014, the Company formed

MediFarm II, LLC, a Nevada limited liability company ("MediFarm II"), a subsidiary. Through MediFarm, MediFarm I, and MediFarm II, the Company is currently operating one medical marijuana dispensary facility in Nevada and plans to operate additional medical marijuana cultivation, production, and dispensary facilities in that state. In April 2016, MediFarm commenced operations at its dispensary in Las Vegas, Nevada under the "Blüm" brand.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

On September 16, 2014, the Company formed IVXX, LLC, a Nevada limited liability company ("IVXX"), and a wholly-owned subsidiary, for the purpose of producing a line of cannabis flowers and cigarettes, as well as a complete line of cannabis pure concentrates including: oils, waxes, shatters, and clears. The Company began producing and selling IVXX's products during the first quarter of fiscal 2015. The Company currently offers these products to 200 select dispensaries in California. The Company uses its supercritical CO₂ extraction lab located in Oakland, California to manufacture these products. IVXX also sells clothing, apparel, and other various branded products.

On October 14, 2015, the Company formed MediFarm I Real Estate, LLC, a Nevada limited liability company ("MediFarm I RE"). MediFarm I RE is a real estate holding company that owns the real property and building at which a medical marijuana dispensary facility will be located. It is the Company's intention that MediFarm I will operate the medical marijuana dispensary. The Company owns 50% of the membership interests in MediFarm I RE. The remaining membership interests are owned by Forever Young Investments, LLC (50%), an otherwise unaffiliated entity.

On March 31, 2016, we acquired Black Oak Gallery, a California corporation ("Black Oak"), that operates a medical marijuana dispensary in Oakland, California under the name Blüm, pursuant to that certain Agreement and Plan of Merger, dated December 23, 2015 (the "Merger Agreement"), with Generic Merger Sub, Inc., a California corporation and our wholly-owned subsidiary (the "Merger Sub"), and Black Oak. The Merger Agreement was amended by a First Amendment to the Agreement and Plan of Merger, dated February 29, 2016. Pursuant to the Merger Agreement, the Merger Sub merged with and into Black Oak, with Black Oak as the surviving corporation, and became our wholly-owned subsidiary (the "Merger"). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the Merger Agreement, at the closing of the Merger, the outstanding shares of common stock of Black Oak held by (i) three of the current shareholders of Black Oak (the "Group A Shareholders") were converted into the right to receive approximately 8,166 shares of our Series Z Preferred Stock, of which approximately 1,175 shares of Series Z Preferred Stock were issued and paid at closing, and approximately 8,668,700 shares of our Series B Preferred Stock, of which approximately 1,248,300 shares of Series B Preferred Stock were issued and paid at closing and (ii) the remaining shareholders of Black Oak (the "Group B Shareholders") were converted into the right to receive approximately 21,378 shares of our Series Q Preferred Stock, of which approximately 3,695 shares of Series Q Preferred Stock were issued and paid at closing. The shares of Series Z Preferred Stock, Series B Preferred Stock, and Series Q Preferred Stock that were issued but not paid to the Black Oak shareholders at closing are subject to certain holdback and lock-up provisions, and held in an escrow account as security for the satisfaction of any post-closing adjustments or indemnification claims, as provided for in the Merger Agreement. Each share of Series Q Preferred Stock is to be converted into 5,000 shares of our common stock and each share of Series Z Preferred Stock is to be converted into 1,857 shares of our Series B Preferred Stock, in each case immediately upon our filing with the Secretary of State of the State of Nevada an Amendment to our Articles of Incorporation to increase our authorized capital for, among other reasons, satisfaction of the terms of this potential transaction. Accordingly, the approximately 21,378 shares of Series Q Preferred Stock to be issued to the Group B Shareholders is convertible into approximately 106,890,000 shares of common stock and the approximately 8,166 shares of Series Z Preferred Stock to be issued to the Group A Shareholders is convertible into approximately 15,164,262 shares of Series B Preferred Stock. The Series Z Preferred Stock is intended to mirror the rights of the holders of our Series B Preferred Stock. Each share of our Series B Preferred Stock remains convertible into 5.384325537 shares of our common stock. The aggregate fair market value of the securities issued in the Merger was approximately \$22.9 million. The Group B Shareholders may also receive cash consideration equal to approximately \$2.1 million.

The securities paid to the Group A Shareholders and the Group B Shareholders are subject to certain post-closing adjustments that are based on certain performance indicators as of the first anniversary of the closing date of the Merger. The first indicator is based on the performance of the volume-weighted average price of our common stock on the first anniversary of the closing date of the Merger compared to the price of our common stock on the date of the Merger Agreement. The second indicator is based on our revenues for the twelve-month period following the closing date of the Merger. A portion of the securities that the Group A Shareholders and the Group B Shareholders are entitled to receive at closing of the Merger will be held in an escrow until the first anniversary of the closing date of the Merger and the post-closing adjustments are complete.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Since the Merger was completed on March 31, 2016, Black Oak's financial results are not included in the Company's financial statements for the quarter ended March 31, 2016.

The accompanying unaudited consolidated financial statements include all of the accounts of Terra Tech. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for financial information and with the instructions to Form 10-K and Regulation S-X. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included.

Use of Estimates

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

Cash and Cash Equivalents

Cash and all highly liquid investments with a maturity of three months or less from the date of purchase, including money market mutual funds, short-term time deposits, and government agency and corporate obligations, are classified as cash and cash equivalents.

Accounts Receivable

The Company reviews all outstanding accounts receivable for collectability on a quarterly basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable. The Company does not accrue interest receivable on past due accounts receivable. There was an allowance of \$161,960 at March 31, 2016 and \$184,642 at December 31, 2015.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets: 3-32 years for machinery and equipment, leasehold improvements and buildings are amortized over the estimated useful life. Repairs and maintenance expenditures that do not extend the useful lives of related assets are expensed as incurred.

Intangibles

Intangible assets with definite lives are amortized, but are tested for impairment quarterly and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. The Company tests intangibles for impairment by first comparing the carrying value of net assets to the fair value of the related operations. If the fair value is determined to be less than the carrying value, a second step is performed to compute the amount of the impairment. In this process, a fair value for intangibles is estimated, based in part on the fair value of the operations, and is compared to its carrying value. The shortfall of the fair value below the carrying value represents the amount of intangible impairment. The Company tests these intangibles for impairment by comparing their carrying value to current projections of discounted cash flows attributable to the customer list. Any excess carrying value over the amount of discounted cash flows represents the amount of the impairment.

Deposits

Deposits are for contractors, stores, and land in California and Nevada.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenue is recognized net of discounts, rebates, promotional adjustments, price adjustments, and estimated returns, and upon transfer of title and risk to the customer which occurs at shipping (F.O.B. terms). Upon shipment, the Company has no further performance obligations and collection is reasonably assured as the majority of sales are paid for prior to shipping.

Cost of Goods Sold

Cost of goods sold are for the plants grown and purchased and sold into the retail marketplace by Edible Garden. It also includes the cost incurred in producing the oils, waxes, shatters, and clears sold by IVXX.

Research and Development

Research and development costs are expensed as incurred.

Income Taxes

The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expenses are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has incurred net operating losses for financial-reporting and tax-reporting purposes. Accordingly, for Federal and state income tax purposes, the benefit for income taxes has been offset entirely by a valuation allowance against the related Federal and state deferred tax asset for the quarter ended March 31, 2016.

Loss Per Common Share

Net loss per share is computed in accordance with the provisions of ASC 260, "Earnings Per Share" by dividing net loss by the weighted average number of shares of common stock outstanding during the period. During a loss period, the effect of the potential exercise of stock options, warrants, convertible preferred stock, and convertible debt are not considered in the diluted income (loss) per share calculation since the effect would be anti-dilutive. The results of operations were a net loss for the quarter ended March 31, 2016; therefore, the basic and diluted weighted average shares of common stock outstanding were the same.

Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

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

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Company's valuation techniques used to measure the fair value of money market funds and certain marketable equity securities were derived from quoted prices in active markets for identical assets or liabilities. The valuation techniques used to measure the fair value of all other financial instruments, all of which have counterparties with high credit ratings, were valued based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

Recently Issued Accounting Standards

Leases – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The new standard will be effective for the Company on January 1, 2019. Early adoption is permitted. The Company is in the process of evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures.

Balance Sheet Classification of Deferred Taxes – In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The new standard is effective for public entities for annual periods beginning after December 15, 2016, with early adoption allowed on either a prospective or retrospective basis. The Company adopted ASU 2015-17, on a prospective basis, for its annual period ending December 31, 2015. Accordingly, the accompanying consolidated balance sheet at March 31, 2016 reflects the presentation of deferred tax assets and deferred tax liabilities in accordance with ASU 2015-17.

Inventory Measurement – In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory ("ASU 2015-11"), which requires entities to measure inventory at the lower of cost and net realizable value ("NRV"). A SU 2015-11 defines NRV as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The ASU will not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. The guidance in ASU 2015-11 is effective prospectively for fiscal years beginning after December 15, 2016, and interim periods therein. Early adoption is permitted. Upon transition, entities must disclose the nature of and reason for the accounting change. The Company does not expect that the adoption of this standard will have a material effect on its consolidated financial statements.

Going Concern Disclosures – In August 2014, the FASB issued ASU No. 2014-15: Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern. ASU 2014-15 is effective for annual and interim reporting periods ending after December 15, 2016, with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on its consolidated financial statements.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. GOING CONCERN

The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities, and upon additional financing. Management believes they can raise the appropriate funds needed to support their business plan and develop an operating company which is cash-flow positive.

However, the Company incurred net losses for the quarter ended March 31, 2016, and has an accumulated deficit of approximately \$50.1 million at March 31, 2016. The Company has not been able to generate sufficient cash from operating activities to fund its ongoing operations. There is no guarantee that the Company will be able to generate enough revenue and/or raise capital to support its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The condensed financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that might result should the Company be unable to continue as a going concern.

3. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in several financial institutions that are insured by the Federal Deposit Insurance Corporation up to certain federal limitations.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

4. SHARE EXCHANGE

On March 23, 2013, the Company entered into the Share Exchange Agreement pursuant to which Edible Garden's stockholders exchanged common stock of Edible Garden for the Company's common stock. Pursuant to the Share Exchange Agreement, the Company offered and sold 1,250,000 shares of its common stock, valued at \$212,500, in consideration for all the issued and outstanding shares in Edible Garden. The Company also acquired Edible Garden's customer list.

The transaction was accounted for as a business acquisition. In accordance with generally accepted accounting principles, intangible assets are recorded at fair value as of the date of the transaction. The Company preliminarily allocated the \$212,500 consideration paid for the acquired assets as follows:

Cash	100
Intangible assets, customer list	212,400
Fair value acquired	<u>\$ 212,500</u>

Intangible assets with estimated useful lives are amortized over a five-year period. Amortization expense was approximately \$10,620 for the quarter ended March 31, 2016.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INVENTORY

Inventory consists of raw materials for Edible Garden's herb, produce, and floral product lines and IVXX's line of cannabis pure concentrates. Work-In-Progress consists of live plants grown for Edible Garden's herb, produce, and floral product lines along with IVXX's line of cannabis pure concentrates. Finished goods consists of IVXX's line of cannabis packaged to be sold into dispensaries. Cost of goods sold is calculated using the average costing method. The Company reviews its inventory periodically to determine net realizable value. The Company writes down inventory, if required, based on forecasted demand. These factors are impacted by market and economic conditions, new products introductions, and require estimates that may include uncertain elements. Inventory at March 31, 2016 and December 31, 2015 consisted of the following:

	March 31, 2016	December 31, 2015
Raw Materials	\$ 615,010	\$ 277,340
Work-In-Progress	257,946	542,530
Finished Goods	446,105	129,578
	<u>\$ 1,319,061</u>	<u>\$ 949,448</u>

6. PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements at cost, less accumulated depreciation, at March 31, 2016 and December 31, 2015 consisted of the following:

	March 31, 2016	December 31, 2015
Land	\$ 1,454,124	\$ 1,454,124
Furniture	131,547	70,786
Equipment	2,358,202	2,322,444
Leasehold improvements	4,567,014	3,893,330
Subtotal	8,510,887	7,740,684
Less accumulated depreciation	(1,196,438)	(1,045,709)
Total	<u>\$ 7,314,449</u>	<u>\$ 6,694,975</u>

Depreciation expense related to property and equipment for the quarter ended March 31, 2016 was \$150,729 and for the year ended December 31, 2015 was \$602,814.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSE

Accounts payable and accrued expenses consisted of the following:

	March 31, 2016	December 31, 2015
Accounts payable	\$ 1,359,175	\$ 1,105,994
Accrued interest	35,212	103,465
	<u>\$ 1,394,387</u>	<u>\$ 1,119,459</u>

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. NOTES PAYABLE

Notes payable are as follows:

	March 31, 2016	December 31, 2015
Promissory note dated July 25, 2014 issued to an accredited investor, which matured July 24, 2015 and bore interest at a rate of 12% per annum. The holder of the note extended the maturity to July 25, 2016. Principal and interest may be converted into common stock based on the average trading price of the ten days prior to maturity at the holder's option.	\$ 150,000	\$ 150,000
Unsecured promissory demand notes issued to an accredited investor, which bears interest at a rate of 4% per annum. Holder may elect to convert into common stock at \$0.75 per share. In 2015, the investor exchanged the notes from other accredited investors.	114,306	114,306
5% Original issue discount senior secured convertible promissory note dated May 5, 2014 issued to accredited investors, which matured November 5, 2015, and bore interest at a rate of 12% per annum. The fixed conversion price in effect was set at 90% of the 20-day volume weighted average price ("VWAP") of our common stock on February 5, 2014, or \$0.30753 per share. In 2015, the holder of the note converted some of the debt and accrued interest into common stock. The remaining balance of the note and accrued interest was converted into common stock in March 2016.	-	96,491
Convertible promissory note dated April 7, 2015 issued to accredited investors, which matures October 7, 2016 and bears interest at a rate of 12% per annum. The conversion price in effect is \$0.1303, subject to adjustment. The remaining balance of the note and accrued interest was converted into common stock in January 2016.	-	170,856
Convertible promissory note dated May 13, 2015 issued to accredited investors, which matures November 13, 2016 and bears interest at a rate of 12% per annum. The conversion price in effect is \$0.1211, subject to adjustment. The remaining balance of the note and accrued interest was converted into common stock in January 2016.	-	170,783
Convertible promissory note dated December 14, 2015, issued to accredited investors, which matures December 13, 2016 and bears interest at a rate of 12% per annum. The conversion price in effect is \$0.1211, subject to adjustment.	289,472	214,927

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. NOTES PAYABLE, Continued

	March 31, 2016	December 31, 2015
Convertible promissory note dated March 10, 2016, issued to accredited investors, which matures September 10, 2017 and bears interest at a rate of 1% per annum. The conversion price in effect is 90% of the average of the lowest three (3) VWAPs for the five (5) consecutive trading days prior to the conversion date.	1,250,000	-
Total Debt	1,803,778	917,363
Less short-term portion	553,778	917,363
Long-term portion	<u>\$ 1,250,000</u>	<u>\$ -</u>

Total debt as of March 31, 2016 and December 31, 2015, was \$1,803,778 and \$917,363, respectively, which included unamortized debt discount of \$210,529 and \$693,435, respectively. The senior secured promissory notes are secured by shares of common stock. There was accrued interest of \$35,212 as of March 31, 2016.

On February 27, 2015, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers (the "Purchasers") relating to the issuance and sale (the "Offering") of (i) 12% Convertible Promissory Notes (the "Notes") in the aggregate principal amount of Three Million Dollars (\$3,000,000), that are convertible into shares (the "Conversion Shares") of the Company's common stock, par value \$0.001 per share, and (ii) warrants (the "Warrants") to acquire shares (the "Warrant Shares") of the Company's common stock pursuant to the terms of the Purchase Agreement. The purchase of the Notes occurred in three (3) tranches (each, a "Tranche", and, collectively, the "Tranches"), with the first Tranche of \$750,000 closing simultaneously with the execution of the Purchase Agreement. The second tranche of \$450,000 closed on April 6, 2015. The third and final tranche of \$450,000 closed on May 12, 2015. The Company did not close on the remaining three (3) tranches.

The Purchase Agreement contains customary representations, warranties, and covenants by, among, and for the benefit of the parties. The Purchasers were granted customary participation rights in future financings. The Purchase Agreement also limits the Company's ability to engage in subsequent equity sales for a certain period of time.

The proceeds from the Offering are intended to be used for general corporate proceeds and cannot be used: (i) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (ii) for the redemption of the Company's common stock or common stock equivalents, (iii) for the settlement of any outstanding litigation, or (iv) in violation of the Foreign Corrupt Practices Act or the Office of Foreign Assets Control.

The Offering is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) of the Securities Act (in that the Notes, the Conversion Shares, the Warrants, and the Warrant Shares were sold by us in a transaction not involving any

public offering) and pursuant to Rule 506 of Regulation D promulgated thereunder. The Notes, the Conversion Shares, the Warrants, and the Warrant Shares are restricted securities that have not been registered under the Securities Act, and will not be registered under the Securities Act, and may not be offered or sold absent registration or applicable exemption from the registration requirements.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENTS

The following table represents the fair value hierarchy for those financial assets measured at fair value on a recurring basis:

	Fair Value at March 31, 2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Derivative liability - Conversion Feature	\$ 1,334,000	-	-	\$ 1,334,000
	<u>\$ 1,334,000</u>	<u>-</u>	<u>-</u>	<u>\$ 1,334,000</u>
	Fair Value at December 31, 2015	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Derivative liability - Conversion Feature	\$ 743,400	-	-	\$ 743,400
	<u>\$ 743,400</u>	<u>-</u>	<u>-</u>	<u>\$ 743,400</u>

Liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance at December 31, 2015	\$ 743,400
Change in fair market value of Conversion Feature	1,160,700
Issuance of equity instruments with debt greater than debt carrying amount	-
Derivative debt converted into equity	(570,100)
Issuance of equity instruments with derivatives	-
Balance at March 31, 2016	<u>\$ 1,334,000</u>

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TAX EXPENSE

The expense (benefit) for income taxes consists of the following:

	March 31, 2016	December 31, 2015
Current:		
Federal	\$ -	\$ -
State	-	-
Deferred:		
Federal	-	44,000
State	-	-
Total	<u>\$ -</u>	<u>\$ 44,000</u>

The components of deferred tax assets and liabilities are as follows:

	March 31, 2016	December 31, 2015
Deferred income tax assets:		
Allowance for bad debt	\$ 71,000	\$ 74,000
Warrants expense	3,904,000	3,412,000

Derivatives expense	1,239,000	729,000
Net operating losses	<u>7,736,000</u>	<u>7,029,000</u>
	12,950,000	11,244,000
Deferred income tax liabilities:		
Depreciation	<u>(44,000)</u>	<u>(44,000)</u>
Total	12,906,000	11,200,000
Valuation allowance	<u>(12,950,000)</u>	<u>(11,244,000)</u>
Net deferred tax assets	\$ <u>(44,000)</u>	\$ <u>(44,000)</u>

Permanent differences include ordinary and necessary business expenses deemed by the Company as a non-allowable deduction under Internal Revenue Code Section 280E, and tax deductions related to equity compensation that are less than the compensation recognized for financial reporting.

As of March 31, 2016 and December 31, 2015, the Company had net operating loss carryforwards of approximately \$18,000,000 and \$18,000,000, respectively, which, if unused, will expire beginning in years 2034. These tax attributes are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under Internal Revenue Code Section 382, which will limit their utilization. The Company has yet to assess the effect of these limitations, but expects these losses to be substantially limited. Accordingly, the Company has placed a reserve against any assets associated with these losses.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TAX EXPENSE, Continued

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative losses incurred through the period ended March 31, 2016. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth. On the basis of this evaluation, as of March 31, 2016, a valuation allowance of has been recorded against all deferred tax assets as these assets are more likely than not to be unrealized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

For the quarter ended March 31, 2016, IVXX produced and sold cannabis pure concentrates, subjecting the Company to the limits of Internal Revenue Code Section 280E. Pursuant to IRC Section 280E, the Company is allowed only to deduct expenses directly related to sales of product. For the quarter ended March 31, 2016, these direct expenses exceeded gross sales subject to IRC Section 280E and accordingly the Company had no tax liability. The Company recorded a deferred tax liability related to the tax depreciation in excess of that reported for financial reporting purposes incurred in prior periods.

11. CAPITAL STOCK

Preferred Stock

The Company authorized 25 million shares of preferred stock with \$0.001 par value. The Company designated 100 shares of preferred stock as "Series A Preferred Stock," of which there were 100 shares of Series A Preferred Stock outstanding as of March 31, 2016. Series A Preferred Stock is convertible on a one-for-one basis into common stock and has all of the voting rights of the Company's common stock.

The Company designated 24,968,800 shares of preferred stock as "Series B Preferred Stock," of which there were 16,150,000 shares of Series B Preferred Stock outstanding as of March 31, 2016. Each share of Series B Preferred Stock: (i) has voting rights equal to 100 shares of common stock and (ii) is convertible, at the option of the holder, on a 1-for-5.384325537 basis, into shares of the Company's common stock.

The Company designated 21,600 shares of preferred stock as "Series Q Preferred Stock," of which there were no shares of Series Q Preferred Stock outstanding as of March 31, 2016. Each share of Series Q Preferred Stock is convertible into 5,000 shares of the Company's common stock and has all the voting rights of the Company's common stock.

The Company designated 8,300 shares of preferred stock as "Series Z Preferred Stock," of which there were no shares of Series Z Preferred Stock outstanding as of March 31, 2016. The Series Z Preferred Stock is intended to mirror the rights of the holders of the Series B Preferred Stock. Each share of Series Z Preferred Stock is convertible into 1,857 shares of Series B Preferred Stock.

Please refer to Note 17, *Subsequent Events*, to these Consolidated Financial Statements for additional disclosure regarding changes to the Company's capital stock subsequent to March 31, 2016.

Common Stock

The Company authorized 350 million shares of common stock, \$0.001 par value per share. As of March 31, 2016, 349,739,408 shares of common stock were issued and outstanding.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. WARRANTS

The Company has the following shares of common stock reserved for exercise of the warrants outstanding as of March 31, 2016:

	March 31, 2016	
	Shares	Weighted Average Exercise Price
Warrants outstanding – beginning of year	32,426,008	\$ 0.18
Warrants exercised	(9,206,330)	0.13
Warrants granted	6,842,104	0.13
Warrants expired	(150,000)	(0.46)
Warrants outstanding – end of period	<u>29,911,782</u>	<u>\$ 0.15</u>

The following table summarizes information about fixed-price warrants outstanding:

Range of Exercise	Number Outstanding at March 31,	Average Remaining Contractual	Weighted Average

Prices	2016	Life	Exercise Price
\$0.85	40,000	1 Months	\$ 0.85
\$0.40	333,333	5 Months	\$ 0.40
\$0.33	439,637	10 Months	\$ 0.33
\$0.16	750,000	12 Months	\$ 0.16
\$0.14	1,578,947	27 Months	\$ 0.14
\$0.21	14,946,119	27 Months	\$ 0.21
\$0.30	1,846,300	28 Months	\$ 0.14
\$0.06	7,067,002	31 Months	\$ 0.06
\$0.16	1,118,068	35 Months	\$ 0.16
\$0.13	863,392	37 Months	\$ 0.13
\$0.12	928,984	38 Months	\$ 0.12
	<u>29,911,782</u>		

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. OPERATING LEASE COMMITMENTS

The Company leases certain business facilities under operating lease agreements that specify minimum rentals. Many of these have renewal provisions along with the option to acquire the property. The Company's net rent expense for the quarter ended March 31, 2016 and 2015 was \$133,867 and \$136,650, respectively. Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

<u>Year Ending December 31:</u>	<u>Scheduled Payments</u>
2016	\$ 541,656
2017	487,518

2018	478,587
2019	342,336
2020	256,173
2021 and thereafter	2,021,484
Total minimum rental payments	<u>\$ 4,127,754</u>

14. LITIGATION AND CLAIMS

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no matters that required an accrual as of March 31, 2016, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

15. SEGMENT INFORMATION

The Company's operating and reportable segments are currently organized around the following products that it offers as part of its core business strategy:

- Hydroponic Products
- Cannabis Products

These two reportable segments, which are described in greater detail below, had previously been reported on a combined basis as they had been operated and evaluated as one operating segment. The Company experienced significant growth over the last year in most of our product areas. As the Company has grown organically, and as the Company previously added to its capabilities through acquisitions, its products have increased in scale and become more strategically important and distinctly organized and managed under these two groupings. In addition, Derek Peterson, the Company's chief operating decision maker ("CODM") has begun reviewing results and managing and allocating resources between these two strategic business groupings, and has begun budgeting using these business segments. The Company's segment information for the quarter ended March 31, 2016 has been reclassified to conform to its current presentation.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT INFORMATION, Continued

The Company's CODM reviews revenues including intersegment revenues, gross profit and operating income (loss) before income taxes when evaluating segment performance and allocating resources to each segment. Accordingly, intersegment revenue is included in the segment revenues presented in the tables below and is eliminated from revenues and cost of sales in the "Eliminations and Other" column. The "Eliminations and Other" column also includes various income and expense items that the Company does not allocate to its operating segments. These income and expense amounts include the results of the Company's hydroponic equipment, which are not material, interest income, interest expense, corporate overhead, and corporate-wide expense items such as legal and professional fees as well as expense items for which we have not identified a reasonable basis for allocation. The accounting policies of the reportable segments are the same as those described in Note 1 of the Notes to the Consolidated Financial Statements.

Hydroponic Products – The Company's locally grown hydroponic products, which include produce, herbs, and floral products, are started from seed and are grown in environmentally controlled greenhouses. When harvested, the products are sold through retailers targeted to customers seeking produce, herbs, or floral products locally grown using environmentally sustainable methods.

Cannabis Products – IVXX's cannabis products are currently produced in the Company's supercritical CO₂ lab in California and are sold in select dispensaries throughout California. The Company currently operates or plans to operate medical marijuana cultivation, production, and dispensary facilities in Nevada through its subsidiaries, MediFarm, MediFarm I, and MediFarm II. The Company was granted eight provisional permits in Nevada and have received approval from the local authorities with respect to all of the permits.

Summarized financial information concerning the Company's reportable segments is shown in the following tables. Total asset amounts at March 31, 2016 and 2015 exclude intercompany receivable balances eliminated in consolidation.

	3 Months Ended March 31, 2016			
	Hydroponic Produce	Cannabis Products	Eliminations and Other	Total
Total Revenues	\$ 1,401,443	\$ 130,203	\$ 16,521	\$ 1,548,167
Cost of Goods Sold	1,200,932	213,261	-	1,414,193
	200,511	(83,058)	16,521	133,974
Selling, general and administrative expenses	518,652	202,136	1,325,560	2,046,348
Loss from operations	(318,141)	(285,194)	(1,309,039)	(1,912,374)

Other Income (Expenses)				
Amortization of debt discount	-	-	(94,406)	(94,406)
Loss on extinguishment of debt	-	-	(920,797)	(920,797)
Gain (Loss) on fair market valuation of derivatives	-	-	(1,160,700)	(1,160,700)
Interest Income (Expense)	-	-	(55,995)	(55,995)
Total Other Income (Expense)	-	-	(2,231,898)	(2,231,898)
Loss before Provision of Income Taxes	<u>\$ (318,141)</u>	<u>\$ (285,194)</u>	<u>\$ (3,540,937)</u>	<u>\$ (4,144,272)</u>
Total assets at March 31, 2016	<u>\$ 6,667,866</u>	<u>\$ 2,734,868</u>	<u>\$ 2,750,386</u>	<u>\$ 12,153,120</u>

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT INFORMATION, Continued

	3 Months Ended March 31, 2015			
	Hydroponic Produce	Cannabis Products	Eliminations and Other	Total
Total Revenues	\$ 458,773	\$ 304,025	\$ 555	\$ 763,353
Cost of Goods Sold	288,093	257,319	-	545,412

	170,680	46,706	555	217,941
Selling, general and administrative expenses	<u>472,065</u>	<u>215,515</u>	<u>1,634,931</u>	<u>2,322,511</u>
Loss from operations	(301,385)	(168,809)	(1,634,376)	(2,104,570)
Other Income (Expenses)				
Amortization of debt discount	-	-	(41,126)	(41,126)
Loss from derivatives issued with debt greater than debt carrying value	-	-	(224,000)	(224,000)
Gain (Loss) on fair market valuation of derivatives	-	-	408,200	408,200
Interest Income (Expense)	-	-	(188,529)	(188,529)
Total Other Income (Expense)	-	-	(45,455)	(45,455)
Loss before Provision of Income Taxes	<u>\$ (301,385)</u>	<u>\$ (168,809)</u>	<u>\$ (1,679,831)</u>	<u>\$ (2,150,025)</u>
Total assets at March 31, 2015	<u>\$ 6,009,693</u>	<u>\$ 794,180</u>	<u>\$ 426,508</u>	<u>\$ 7,230,381</u>

16. RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2016, our subsidiary, IVXX, purchased raw materials totaling \$16,076 from Black Oak, an entity in which the Company's Chief Executive Officer then-held an ownership interest. On March 31, 2016, we completed the Merger, whereby Merger Sub merged with and into Black Oak, with Black Oak as the surviving corporation, and becoming a wholly-owned subsidiary of the Company. The terms of the purchases of the raw materials were at arms-length. There was no accounts receivable balance from this entity as of March 31, 2016.

17. SUBSEQUENT EVENTS

Issuances of Debt:

On March 31, 2016, the Company issued a demand promissory note in favor of Dominion Capital LLC ("Dominion") in the amount of \$750,000. The principal and interest under the demand note is due and payable on demand, but in no case later than June 30, 2016. Payment may be made in either cash or shares of the Company's common stock, at Dominion's option. Dominion may also, at its option, convert the demand note into a subsequent securities offering that is undertaken by the Company. Interest accrues at the simple rate of one percent (1%). The Company received the \$750,000 on April 1, 2016.

TERRA TECH CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS, Continued

On April 29, 2016, the Company issued a demand promissory note in favor of Dominion in the amount of \$500,000. The demand note matures on the earlier of July 31, 2016, or on demand. Payment may be made in either cash or shares of the Company's common stock, at Dominion's option. Dominion may also, at its option, convert the demand note into a subsequent securities offering that is undertaken by the Company. Interest accrues at the simple rate of one percent (1%). The Company received the \$500,000 on May 3, 2016.

Issuances and Sales of Common Stock:

In the second quarter of 2016, the Company issued 172,414 shares of common stock for the net amount of \$100,000 pursuant to an agreement for the sale and assignment of various trademarks. The \$100,000 liability was recorded on the books as March 31, 2015.

Designation of New Series of Preferred Stock:

Effective May 3, 2016, the Company designated two additional series of preferred stock: (i) Series G Preferred Stock and (ii) Series N Preferred Stock, by filing Certificate of Designations with the Secretary of State of the State of Nevada. The Certificate of Designation of Series G Preferred Stock (the "Series G Certificate") designates one share as Series G Preferred Stock. Each share of Series G Preferred Stock is convertible into 14,545,355 shares of the Company's common stock immediately upon the Company filing with the Secretary of State of the State of Nevada an Amendment to its Articles of Incorporation to increase its authorized capital. The holder of the Series G Preferred Stock is entitled to a liquidation preference equal to \$15,545.46 per share (subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization). Such liquidation preference is in preference (but equal to the holders of the Series Q Preferred Stock and the holder of the Series N Preferred Stock) to the holders of the Company's common stock, but subordinate in preference to any sum to which the holders of any shares of any other series of the Company's preferred stock are entitled.

The Certificate of Designation of Series N Preferred Stock (the "Series N Certificate") designates one share as Series N Preferred Stock. Each share of Series G Preferred Stock is convertible into 2,500,000 shares of the Company's common stock immediately upon the Company filing with the Secretary of State of the State of Nevada an Amendment to its Articles of Incorporation to increase its authorized capital. The holder of the Series N Preferred Stock are entitled to a liquidation preference equal to \$2,500 per share (subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization). Such liquidation preference is in preference (but equal to the holder of the Series G Preferred Stock and the holders of

the Series Q Preferred Stock) to the holders of the Company's common stock, but subordinate in preference to any sum to which the holders of any shares of any other series of the Company's preferred stock are entitled.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In addition to historical information, this Quarterly Report on Form 10-Q may contain "forward-looking statement" 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"), which provides a "safe harbor" for forward-looking statements made by us. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends, and other information, may be forward-looking statements. Words such as "might," "will," "may," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates, and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates, and projections will occur or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties, and other important factors, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties, and other important factors that could cause actual results to differ include, among others, the risk, uncertainties and factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (the "SEC"), and in this report, as such risk factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov.

We caution you that the risks, uncertainties, and other factors set forth in our periodic filings with the SEC may not contain all of the risks, uncertainties, and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that: (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this report apply only as of the date of the report or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Company Overview

We were incorporated in Nevada on July 22, 2008 under the name Private Secretary, Inc. We changed our name to Terra Tech Corp. on January 27, 2012. Our corporate headquarters is located at 4700 Von Karman Avenue, Suite 110, Newport Beach, California 92660 and our telephone number is (855) 447-6967. Our website addresses are as follows: www.terratechcorp.com, www.ediblegarden.com, www.ivxx.com, and www.blumoak.com.

Our original business was to develop a software program that would allow for automatic call processing through "VoIP" technology. Our operations were limited to capital formation, organization, and development of our business plan and target customer market. We generated no revenue.

On February 9, 2012, we completed a reverse-triangular merger with GrowOp Technology, whereby we acquired all of the issued and outstanding shares of GrowOp Technology and in exchange we issued: (i) 33,998,520 shares of our common stock, (ii) 100 shares of Series A Preferred Stock, convertible into shares of common stock on a one-for-one basis, and (iii) 14,750,000 shares of Series B Preferred Stock, with each share convertible into 5.384325537 shares of common stock. As a result of the merger, GrowOp Technology became our wholly-owned subsidiary. Following the merger, we ceased our prior operations and are now solely a holding company. Through GrowOp Technology, we engage in the design, marketing, and sale of hydroponic equipment with propriety technology to create sustainable solutions for the cultivation of indoor agriculture.

We entered into the Share Exchange Agreement by and among the Company, Edible Garden, and the stockholders of Edible Garden. Pursuant to the Share Exchange Agreement, we offered and sold 1,250,000 shares of our common stock in consideration for all the issued and outstanding shares in Edible Garden. Separately, Amy Almsteier, one of our stockholders and a director (and, at that time, an officer), offered and sold 7,650,000 shares of Series B Preferred Stock to the Former EG Principal Stockholders. Articles of Exchange, consummating the share exchange, were filed with the Secretary of the State of Nevada on April 24, 2013. Through Edible Garden, we are the retail seller of locally grown hydroponic produce, herbs, and floral products.

We formed MediFarm on March 19, 2014. We own 60% of the membership interests in MediFarm. The remaining membership interests are owned by Camden Goorjian (20%) and by Richard Vonfeldt (20%), two otherwise unaffiliated individuals. Upon receipt of the necessary governmental approvals and permitting, as to which there can be no assurance, we expect MediFarm to operate medical marijuana cultivation, production, and dispensary facilities in Clark County, Nevada. In April 2016, MediFarm commenced operations at its medical marijuana dispensary facility in the City of Las Vegas under the "Blüm" brand.

We formed MediFarm I on July 18, 2014. We own 50% of the membership interests in MediFarm I. The remaining membership interests are owned by Forever Green NV, LLC (50%), an otherwise unaffiliated entity. Upon receipt of the necessary governmental approvals and permitting, as to which there can be no assurance, we expect MediFarm I to operate a medical marijuana dispensary in Reno, Nevada.

We formed MediFarm II on July 30, 2014. We own 55% of the membership interests in MediFarm II. The remaining membership interests are owned by Nevada MF, LLC (30%) and by Forever Green NV, LLC (15%), two otherwise unaffiliated parties. Upon receipt of the necessary governmental approval and permitting, as to which there can be no assurance, we expect MediFarm II to operate a medical marijuana cultivation and production facility in Spanish Springs, Nevada.

On September 16, 2014, we formed IVXX for the purpose of producing a line of cannabis flowers and cigarettes, as well as a complete line of cannabis pure concentrates, including: oils, waxes, shatters, and clears. We currently offer these products to 200 select dispensaries in California. IVXX also sells clothing, apparel, and other various branded products.

We formed MediFarm I RE on October 14, 2015. We own 50% of the membership interests in MediFarm I RE. The remaining membership interests is owned by Forever Young Investments, LLC (50%), an otherwise unaffiliated entity. MediFarm I RE is a real estate holding company that owns the real property and building at which a medical marijuana dispensary facility will be located. It is our intention that MediFarm I will operate the medical marijuana dispensary.

On March 31, 2016, Merger Sub merged with and into Black Oak, with Black Oak as the surviving corporation, and becoming our wholly-owned subsidiary. Black Oak operates a medical marijuana dispensary under the name Blüm in Oakland, California.

Our business segments consist of hydroponic products and cannabis products. Our hydroponic products are locally grown hydroponic produce, herbs, and floral products that are started from seed and are grown in environmentally controlled greenhouses. When harvested, the products are sold through retailers targeted to customers seeking fresh produce locally grown using environmentally sustainable methods. This segment consists of Edible Garden's business and operations. Our cannabis products segment consists of the businesses of IVXX and Black Oak, as well as the current or proposed business operations of MediFarm, MediFarm I, and MediFarm II. IVXX's cannabis products are currently produced in our supercritical CO₂ lab in California and are sold in select dispensaries throughout California. Black Oak dispenses medical marijuana in Oakland, California under the "Blüm" brand. We currently operate or plan to operate medical marijuana cultivation, production, and dispensary facilities in Nevada through our subsidiaries, MediFarm, MediFarm I, and MediFarm II. See Note 16, *Segment Information*, in the Notes to the Consolidated Financial Statements for information on our net sales,

cost of goods sold, selling, general and administrative expenses, other income (expense), loss from operations, and identifiable assets by segment for the three months ended March 31, 2016 and March 31, 2015.

We have ramped up our marketing and branding efforts in order to generate additional revenues. We believe that these efforts position us to stay on track with our projected annual revenues this year of approximately \$21 million.

Results of Operations for the quarter ended March 31, 2016 compared to the quarter ended March 31, 2015:

Revenues. For the quarter ended March 31, 2016, we generated revenues of approximately \$1.55 million, compared to approximately \$763,000 for the quarter ended March 31, 2015, an increase of approximately \$785,000. The increase was primarily due to revenue generated by Edible Garden from the sales of its produce, herbs and floral products and IVXX from the sale of its cannabis products. At this stage in our development, revenues are not yet sufficient to cover ongoing operating expenses.

Gross Margin. Our gross profits for the quarter ended March 31, 2016 was approximately \$134,000, compared to gross profits of approximately \$218,000 for the quarter ended March 31, 2015, a decrease of approximately \$84,000. Our gross margin percentage for the quarter ended March 31, 2016 was approximately 8.65%, compared to approximately 28.55% for the quarter ended March 31, 2015. In the first quarter 2016, IVXX began to research and develop new forms of extracted cannabis products. In addition, IVXX refined its propriety recipe of extraction to produce a higher quality and more stable cannabis product in both look and efficacy. As a result of these activities, we have incurred additional costs of operations and had less time available in our Co₂ extraction lab for ordinary production of our cannabis products. Our gross margin was also impacted by the allocation of IVXX's business activities into cost of goods sold. Until California's Medical Marijuana Regulation and Safety Act ("MMRSA") comes into effect in 2018, IVXX must continue to operate in accordance with the current state and local rules and regulations, which includes operating as a not-for-profit. In an effort to maintain compliance with such rules and regulations, as well as mitigate the effect of Internal Revenue Code Section 280E on IVXX's taxes, we have allocated much of IVXX's business activities into cost of goods sold, which has resulted in a lower gross margin. Management intends to explore various tax strategies and other alternatives, including seeking approval from California and local authorities to operate as a for-profit corporation prior to MMRSA taking effect in 2018, in order to improve our gross margin.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the quarter ended March 31, 2016 were approximately \$2.0 million, compared to approximately \$2.3 million for the quarter ended March 31, 2015, a decrease of approximately \$276,000. The decrease was primarily due to: (i) an approximately \$31,000 increase in commissions for additional sales generated by brokers hired by Edible Garden; (ii) an approximately \$49,000 increase in travel to our medical marijuana dispensaries in Nevada and California; (iii) an approximately \$60,000 increase in director compensation; (iv) an approximate \$63,000 increase in accounting fees related to the acquisition of Black Oak; and (v) an approximately \$131,300 increase in research and development in connection with IVXX's refined propriety extraction methods. These increases were offset by: (i) an approximately \$315,400 decrease in legal fees; (ii) an approximately \$239,400 decrease in consulting fees incurred in connection with the construction of the cannabis dispensaries in Nevada; and (iii) an approximate \$38,300 decrease in utility expenses as a result of a warmer winter on the East Coast where Edible Garden's greenhouse facility is located.

Operating Income (Loss). We realized an operating loss of approximately \$1.9 million for the quarter ended March 31, 2016, compared to approximately \$2.1 million for the quarter ended March 31, 2015.

Other Income (Expense). Other expense for the quarter ended March 31, 2016 was approximately \$2.2 million, compared to an expense of approximately \$45,000 for the quarter ended March 31, 2015. For the quarter ended March 31, 2016, we had an increase in amortization of debt discount in the amount of approximately \$94,400 versus \$41,100 in the prior year's period. We had a loss on the extinguishment of debt of approximately \$921,000 versus \$0 in the prior year's period. We had a loss on the issuance of derivatives in the amount of \$0 for the quarter ended March 31, 2016, compared to approximately \$224,000. The decrease of approximately \$224,000 was due to the fact that no convertible notes were issued during the first quarter of fiscal 2016. We had a loss on the fair market valuation of the derivatives in the amount of \$1.2 million for the quarter ended March 31, 2016, compared to a gain of approximately \$408,200 from the same period of the prior year. Interest expense totaled approximately \$56,000 for the quarter ended March 31, 2016, compared to approximately \$188,500 for the quarter ended March 31, 2015. This decrease is due to less debt outstanding during the quarter ended March 31, 2016.

Net Income (Loss). We incurred a net loss of approximately \$4.1 million, or \$0.01 per share, for the quarter ended March 31, 2016, compared to a net loss of approximately \$2.1 million, or \$0.01 per share, for the quarter ended March 31, 2015. The primary reasons for the increase in net loss is (i) an approximately \$921,000 loss from the extinguishment of debt and (ii) an approximately \$1.2 million loss from the fair market valuation of derivatives during the quarter ended March 31, 2016 compared to the prior year's first quarter.

Management will continue its efforts to lower operating expenses and increase revenue. We will continue to invest in further expanding our operations and a comprehensive marketing campaign with the goal of accelerating the education of potential clients and promoting our name and our products. Given the fact that most of the operating expenses are fixed or have a quasi-fixed character, management expects that, as revenue increases, those expenses, as a percentage of revenue, will significantly decrease. Nevertheless, there can be no assurance that we will be able to increase our revenues in succeeding quarters.

Disclosure About Off-Balance Sheet Arrangements

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

Critical Accounting Policies

Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires 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 revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described in Note 1, *Summary of Significant Accounting Policies*, to the consolidated condensed financial statements included in this report.

Liquidity and Capital Resources

We have never reported net income. We incurred net losses for the three months ended March 31, 2016 and have an accumulated deficit of approximately \$50.1 million at March 31, 2016. As of March 31, 2016, we had a working capital deficit of approximately \$8,800. At March 31, 2016, we had a cash balance of approximately \$1.1 million, compared to a cash balance of approximately \$418,100 at December 31, 2015. We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. Since our inception, we have raised capital through private sales of preferred stock, common stock, and debt securities. Our future success is dependent upon our ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations.

We anticipate requiring additional capital for the commercial development of our subsidiaries. We anticipate we will need an additional \$13.5 million in capital for the commercial development of MediFarm, MediFarm I, and MediFarm II. In April 2016, MediFarm commenced operations at its dispensary located in Las Vegas, Nevada under the "Blüm" brand. None of MediFarm, MediFarm I, or MediFarm II has commenced operations at any other of its proposed cultivation, production, or dispensary facilities. With respect to the proposed cultivation and production facilities, we intend to complete the construction of such facilities in phases, the timing of which will be dictated by market demand. Accordingly, the \$13.5 million budget as described herein is entirely prospective as to the timing and amount of expenditures. With respect to MediFarm, the estimated construction budget (for year one) and operation budget (for the first five years of operation) is approximately \$750,000 for the dispensary facilities and approximately \$6 million for the cultivation and production facility. With respect to MediFarm I's dispensary facility, the estimated construction budget (for year one) and operation budget

(for the first five years of operation) is approximately \$750,000. With respect to MediFarm II's cultivation and production facility, the estimated construction budget (for year one) and operation budget (for the first five years of operation) is approximately \$6 million. Forever Green NV, LLC, a member of both MediFarm I and MediFarm II, has agreed to contribute approximately \$500,000 in the form of debt to MediFarm I and approximately \$750,000 in the form of debt to MediFarm II. We will be obligated to contribute the remaining amount, or approximately \$12.3 million in the aggregate, for all three subsidiaries. This amount is in addition to any proceeds we may receive if and when we sell additional securities.

We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow. We believe our existing and available capital resources will be sufficient to satisfy our funding requirements through the second quarter of 2016. We are evaluating various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling common stock. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations, or if we are able to raise capital, that it will be available to us on acceptable terms, on an acceptable schedule, or at all.

The issuance of additional securities may result in a significant dilution in the equity interests of our current stockholders. Obtaining loans, assuming these loans would be available, will increase our liabilities and future cash commitments. There is no assurance that we will be able to obtain further funds required for our continued operations or that additional financing will be available for use when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

Due to the uncertainty of our ability to meet our current operating and capital expenses, our independent auditors included a note to our financial statements for the year ended December 31, 2015 regarding concerns about our ability to continue as a going concern. There is substantial doubt about our ability to continue as a going concern as the continuation and expansion of our business is dependent upon obtaining further financing, successful and sufficient market acceptance of our products, and achieving a profitable level of operations. The consolidated condensed financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that might result should we be unable to continue as a going concern.

Promissory Notes

Fiscal 2015

On February 27, 2015, we entered into a Securities Purchase Agreement with certain purchasers relating to the issuance and sale of (i) 12% Convertible Promissory Notes in the aggregate principal amount of Three Million Dollars (\$3,000,000), that are convertible into shares of our common stock, and (ii) warrants to acquire shares of our common stock. The purchase of the notes occurred in three (3) tranches, with the first tranche of \$750,000 closing simultaneously with the execution of the agreement. The second tranche of \$450,000 closed on April 6, 2015 and the third and final tranche of \$450,000 closed on May 12, 2015. We agreed to reimburse the purchasers \$15,000 for legal fees incurred in connection with the offering that was paid at the closing of the first tranche. Aegis Capital Corp. ("Aegis"), the placement agent, was paid approximately \$68,000 at the closing of the first, second and third tranches.

Each note accrued interest at 12% per annum, of which twelve months interest was guaranteed, payable on each conversion date for the principal amount being converted and on the maturity date in either cash or, at the holder's option, in shares of common stock. All principal and interest due and owing under each note was convertible into shares of our common stock, at any time at the election of the holder, at a conversion price equal to 75% of the lowest VWAP in the prior 20-trading days immediately before the conversion date. We also agreed to issue to the purchasers a series of warrants to purchase up to that number of shares of common stock equal to 25% of the principal amount of the note issuable to the purchasers at the applicable closing divided by the conversion price of the note.

Operating Activities

Cash used in operations for the three months ended March 31, 2016 was approximately \$1.7 million, compared to approximately \$1.2 million for the three months ended March 31, 2015. The increase in the cash used in operations was primarily due to: (i) an increase in net loss for the three months ended March 31, 2016, compared to the three months ended March 31, 2015; (ii) an approximate \$1.2 million loss on the fair market value of derivatives for the three months ended March 31, 2016, compared to an approximate \$408,200 gain on the fair market value of derivatives for the three months ended March 31, 2015; (iii) the increase in the amortization of debt discount of approximately \$94,400 for the three months ended March 31, 2016 versus \$41,100 for the three months ended March 31, 2015; (iv) the increase of stock option expense of approximately \$47,600 for the three months ended March 31, 2016, compared to \$0 for the three months ended March 31, 2015; and (v) a reduction from the equity instruments issued with debt greater than debt carrying value in the amount of \$0 for the three months ended March 31, 2016, compared to approximately \$224,000 for the three months ended March 31, 2015.

Investing Activities

Cash used in investing activities for the three months ended March 31, 2016 was approximately \$820,200, compared to cash used by investing activities of approximately \$43,200 for the three months ended March 31, 2015. During the first three months of fiscal 2016, cash used in investing activities was primarily comprised of expenditures related to the construction of the MediFarm dispensaries in Nevada.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2016 was approximately \$3.2 million, compared to \$676,500 for the three months ended March 31, 2015, an increase of approximately \$2.5 million. The cash provided by financing activities in the first three months of fiscal 2016 was primarily due to approximately \$3.2 million from the sale of common stock.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), we are not required to provide the information called for by this Item 3.

ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, our principal executive officer and our principal financial officer are responsible for conducting an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the fiscal quarter covered by this report. Disclosure controls and procedures means that the material information required to be included in our SEC reports is recorded, processed, summarized, and reported within the time periods specified in SEC rules

and forms relating to our company, including any consolidating subsidiaries, and was made known to us by others within those entities, particularly during the period when this report was being prepared. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were not effective as of March 31, 2016.

There were no changes in our internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not currently subject to any legal proceedings. From time to time, we may become subject to litigation or proceedings in connection with our business, as either a plaintiff or defendant. There are no such pending legal proceedings to which we are a party that, in the opinion of management, is likely to have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for our fiscal Year ended December 31, 2015. Please refer to that section for disclosures regarding the risk and uncertainties relating to our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On March 30, 2016, we entered into an agreement whereby we issued 172,414 shares of our common stock in exchange for the sale and assignment of certain trademarks valued at approximately \$100,000. The issuances were made pursuant to the exemption for registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended.

On March 31, 2016, we entered into a demand promissory note in favor of Dominion in the amount of \$750,000. The principal and interest under the demand note is due and payable on demand, but in no case later than June 30, 2016. Payment may be made in either cash or shares of the Company's common stock, at Dominion's option. Dominion may also, at its option, convert the demand note into a subsequent securities offering that is undertaken by us. Interest is at the simple rate of one percent (1%). We may prepay all or any portion of the principal of the demand note at any time without penalty upon at least three (3) days' notice to Dominion. The demand note contains customary events of default, including, default in any payment required under the demand note, failure to observe or perform any material covenant, agreement, or warranty contained in, or otherwise commit any breach of default of any provision of the demand note, and commencement of bankruptcy proceedings. Upon the occurrence of an event of default, Dominion shall give notice to us, at which time, we will have five business days to pay the outstanding amount due under the demand note, including interest, in full. If we fail to make such full payment within such five-day period, we will be subject to a default penalty fee equal to \$15,000 per month during the default period. The issuance of the demand note was made pursuant to the exemption for registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended.

On April 29, 2016, we entered into a demand promissory note in favor of Dominion in the amount of \$500,000. The principal and interest under the demand note is due and payable on demand, but in no case later than July 31, 2016. Payment may be made in either cash or shares of the Company's common stock, at Dominion's option. Dominion may also, at its option, convert the demand note into a subsequent securities offering that is undertaken by us. Interest is at the simple rate of one percent (1%). We may prepay all or any portion of the principal of the demand note at any time without penalty upon at least three (3) days' notice to Dominion. The demand note contains customary events of default, including, default in any payment required under the demand note, failure to observe or perform any material covenant, agreement, or warranty contained in, or otherwise commit any breach of default of any provision of the demand note, and commencement of bankruptcy proceedings. Upon the occurrence of an event of default, Dominion shall give notice to us, at which time, we will have five business days to pay the outstanding amount due under the demand note, including interest, in full. If we fail to make such full payment within such five-day period, we will be subject to a default penalty fee equal to \$10,000 per month during the default period. The issuance of the demand note was made pursuant to the exemption for registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

(a)

4.9	Certificate of Designation for Series G Preferred Stock *
4.10	Certificate of Designation for Series N Preferred Stock *
10.28	Agreement of Merger dated March 31, 2016, by and between Generic Merger Sub, Inc. and Black Oak Gallery *
10.29	Operations and Asset Management Agreement dated March 31, 2016, by and among Platinum Standard, LLC, Black Oak Gallery, and Terra Tech Corp. *
10.30	Form of Demand Promissory Note, dated March 31, 2016, with Dominion Capital LLC *
10.31	Form of Demand Promissory Note, dated April 29, 2016, with Dominion Capital LLC *
31.1	Certification of Derek Peterson, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Michael C. James, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Derek Peterson, Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. *
32.2	Certification of Michael C. James, Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculations Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Presentation Linkbase Document *

* filed herewith

SIGNATURES

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

TERRA TECH CORP.

Date: May 12, 2016

By: /s/ Michael C. James

Michael C. James
Chief Financial Officer
Chief Accounting Officer



150103



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Designation
(PURSUANT TO NRS 78.1955)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Designation For
Nevada Profit Corporations
(Pursuant to NRS 78.1955)

1. Name of corporation:

Terra Tech Corp.

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

Series G Preferred Stock

Pursuant to the authority vested in the Board of Directors of Terra Tech Corp. (the "Corporation") by the provisions of the Corporation's Articles of Incorporation, as amended, the Board of Directors adopted a resolution creating a series of Preferred Stock designated as Series G Preferred Stock with the voting powers, designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, as set forth on the following Certificate of Designation:

[continued on attached page.]

3. Effective date of filing: (optional)

(must not be later than 90 days after the certificate is filed)

4. Signature: (required)

X 

Signature of Officer

Filing Fee: \$175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Stock Designation
Revised: 1-5-15

**CERTIFICATE OF DESIGNATION
OF
SERIES G PREFERRED STOCK
OF
TERRA TECH CORP.**

Terra Tech Corp. (the "*Corporation*"), a Nevada corporation, does hereby certify that, pursuant to the authority contained in its Articles of Incorporation, as amended, and in accordance with the provisions of Section 78.1955 of the Nevada Revised Statutes, its Board of Directors has adopted the following resolution creating the following series of the Corporation's Preferred Stock and determined the voting powers, designations, powers, preferences and relative, participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, of such series:

RESOLVED, that, pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, as amended (the "*Articles of Incorporation*"), there is hereby created the following series of Preferred Stock:

One (1) share shall be designated Series G Preferred Stock, par value \$0.001 per share (the "*Series G Preferred Stock*").

The designations, powers, preferences, and rights, and the qualifications, limitations, and restrictions of the Series G Preferred Stock in addition to those set forth in the Articles of Incorporation shall be as follows:

Section 1. Designation and Amount. The series of Preferred Stock shall be comprised of one (1) share and shall be designated "Series G Convertible Preferred Stock." As used herein, the term "*Series G Preferred Stock*" shall refer to the share of the Corporation's Series G Convertible Preferred Stock, and the term "*Common Stock*" shall refer to the Corporation's Common Stock. The Corporation shall from time to time in accordance with the laws of the State of Nevada increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit conversion of the Series G Preferred Stock.

Section 2. Dividends. No dividends shall be paid on the Series G Preferred Stock.

Section 3. Liquidation Preference. In any liquidation, dissolution, or winding up of the Corporation, the holders of the Series G Preferred Stock shall be entitled to receive (a) in preference to the holders of the Common Stock (b) on a *pari passu* basis to any sum that the holders of the Series Q Preferred Stock shall be entitled to receive, but (c) subordinate in preference to any sum that the holders of any shares of any other series of the Corporation's Preferred Stock shall be entitled, an amount equal to \$15,545.46 per share (subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization). After payment of such sums, (i) the holders of the Series G Preferred Stock and (ii) the holders of the Common Stock, shall be entitled to receive any remaining assets of the Corporation on a pro rata, as-converted basis assuming conversion of the Series G Preferred Stock into Common Stock at the then-current Conversion Rate.

Section 4. Voting Rights. Except as expressly provided herein, or as provided by applicable law, the holders of the Series G Preferred Stock shall have the same voting rights as the holders of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and the holders of Common Stock and Series G Preferred Stock shall vote together as a single class on all matters. Each holder of Series G Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which the share of Series G Preferred Stock could then be converted. Fractional votes shall not be permitted. Any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Series G Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

Section 5. Conversion. The holders of the Series G Preferred Stock shall have the following conversion rights (the "*Conversion Rights*"):

(a) *Mandatory Conversion: Conversion Date*. Concurrently with and subject to the Corporation's filing an amendment to the Articles of Incorporation with the Secretary of State of the State of Nevada to increase the number of authorized shares of Common Stock to not less than nine hundred fifty million (950,000,000) shares of Common Stock (the "*Conversion Date*"), the share of Series G Preferred Stock then-outstanding shall automatically convert, without any action required on behalf of the holders thereof, on the Conversion Date into fully paid and non-assessable shares of the Corporation's Common Stock at the Conversion Rate (as defined below). The "*Conversion*" shall be deemed effective as of the Conversion Date.

(b) *Conversion Rate*. As of the date of filing of this Certificate with the Secretary of State of the State of Nevada, the share of Series G Preferred Stock held by that holder shall be initially convertible at the option of the holder into 14,545,455 shares of the Corporation's Common Stock (such number of shares of Common Stock into which each share of Series G Preferred Stock is convertible, the initial "*Conversion Rate*"). For purposes of clarification, the initial Conversion Rate shall be the quotient obtained by dividing (i) 1.00 initially by (ii) 14,545,455. Such "initial quotient" is approximately 0.00000007. The number of shares of Common Stock shall be determined by dividing the share of Series G Preferred Stock to be converted by approximately 0.00000007, such that 14,545,455 shares of Common Stock shall result from such Conversion. The Conversion Rate shall be subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization as set forth herein. Accordingly, if the Conversion Rate has been adjusted, the then-current Conversion Rate shall be utilized in lieu of approximately 0.00000007.

(c) *Mechanics of Exchange of Certificates That Formerly Represented Shares of Series G Preferred Stock for Certificates That Represent Shares of Common Stock*.

(1) The Corporation shall, promptly following the Conversion Date, send or cause to be sent a written notice to the holder of Series G Preferred Stock notifying such holder of the conversion thereof. Within 15 days of receiving written notice from the Corporation of the Conversion, the holder shall surrender the certificate or certificates that, immediately prior to the Conversion, represented the Series G Preferred Stock so converted, duly endorsed to the Corporation or in blank, to the Corporation at its principal office (or at such other office as the Corporation may designate by written notice, postage prepaid, to all holders) at any time during its usual business hours, together with a statement of the name or names (with addresses) of the person or persons in whose name the certificate or certificates for Common Stock shall be issued. The certificate or certificates that, immediately prior to the Conversion, represented the Series G Preferred Stock so converted shall also be accompanied by a duly executed Conversion Certificate substantially in the form attached hereto as Exhibit A.

(2) Promptly after surrender of the certificate or certificates that, immediately prior to the Conversion, represented the share of Series G Preferred Stock so converted, the Corporation shall cause to be issued and delivered to said holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of shares of Common Stock issuable upon the Conversion of such share of Series G Preferred Stock. Each certificate issued representing the shares of Common Stock issued upon the Conversion shall bear a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(3) Conversion Rate Adjustment for Stock Dividends, Subdivisions, Reclassification, or Combinations If, any time prior to the Conversion Date, the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Rate (expressed as a quotient) in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination, or reclassification shall be proportionately adjusted such that the holder of the share of Series G Preferred Stock converted in the manner set forth in Section 5(a) shall be entitled to receive the number of shares of Common Stock that such holder would have owned or been entitled to receive had such Series G Preferred Stock been converted immediately prior to such date. Successive adjustments in the then Conversion Rate (expressed as a quotient) shall be made whenever any event specified above shall occur.

(d) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series G Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round the fraction to the next whole number of shares of Common Stock.

(e) Costs. The Corporation shall pay all documentary, stamp, transfer, or other transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of the share of Series G Preferred Stock; *provided, however*, that the Corporation shall not be required to pay any taxes that may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the share of Series G Preferred Stock in respect of which such shares are being issued.

(f) Valid Issuance. All shares of Common Stock that shall be issued upon conversion of the share of Series G Preferred Stock into shares of Common Stock will, upon issuance by the Corporation in accordance with this Certificate of Designation, be duly and validly issued, fully paid, and non-assessable and free from all taxes, liens, and charges with respect to the issuance thereof.

Section 6. Notices. Any notice required or permitted by the provisions of this Certificate of Designation to be given to a holder of the share of Series G Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the Nevada General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation of Series G Preferred Stock to be duly executed on and as of May 3, 2016.

TERRA TECH CORP.

By: /s/ Derek Peterson
Derek Peterson
President and Chief Executive Officer

EXHIBIT A
CONVERSION CERTIFICATE

TERRA TECH CORP.
Series G Preferred Stock

The undersigned holder (the "*Holder*") is surrendering to Terra Tech Corp., a Nevada Corporation (the "*Corporation*"), all of the Holder's certificates that, immediately prior to the Conversion (as defined in the Certificate of Designation of the Series G Preferred Stock (the "*Certificate of Designation*"), represented one share of Series G Preferred Stock of the Corporation (the "*Series G Preferred Stock*") in connection with the conversion of such share of Series G Preferred Stock owned of record and beneficially by the Holder as of the Conversion Date (as defined in the Certificate of Designation) into that number of shares of Common Stock, \$0.001 par value per share, of the Corporation (the "*Common Stock*") as set forth below.

1. The Holder understands that the Series G Preferred Stock was issued by the Corporation pursuant to the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 4(a)(2) of the Securities Act or by Rule 506 of Regulation D, promulgated thereunder.
2. The Holder understands that the exchange of the Common Stock for the Series G Preferred Stock in favor of the Holder upon the Conversion shall be made pursuant to an exemption from registration under the Securities Act.

Number of Shares of Series G Preferred Stock Being Converted: One (1)

Number of Shares of Common Stock to be Issued: _____

Conversion Date: _____

Delivery Instructions for Certificates of Common Stock: _____

Name of Holder, Printed: _____

Signature of Holder: _____

Telephone Number of Holder: _____



150103



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Designation
(PURSUANT TO NRS 78.1955)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Designation For
Nevada Profit Corporations
(Pursuant to NRS 78.1955)

1. Name of corporation:

Terra Tech Corp.

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

Series N Preferred Stock

Pursuant to the authority vested in the Board of Directors of Terra Tech Corp. (the "Corporation") by the provisions of the Corporation's Articles of Incorporation, as amended, the Board of Directors adopted a resolution creating a series of Preferred Stock designated as Series N Preferred Stock with the voting powers, designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, as set forth on the following Certificate of Designation:

[continued on attached page.]

3. Effective date of filing: (optional) _____

(must not be later than 90 days after the certificate is filed)

4. Signature: (required)

X 

Signature of Officer

Filing Fee: \$175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Stock Designation
Revised: 1-5-15

**CERTIFICATE OF DESIGNATION
OF
SERIES N PREFERRED STOCK
OF
TERRA TECH CORP.**

Terra Tech Corp. (the "*Corporation*"), a Nevada corporation, does hereby certify that, pursuant to the authority contained in its Articles of Incorporation, as amended, and in accordance with the provisions of Section 78.1955 of the Nevada Revised Statutes, its Board of Directors has adopted the following resolution creating the following series of the Corporation's Preferred Stock and determined the voting powers, designations, powers, preferences and relative, participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, of such series:

RESOLVED, that, pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, as amended (the "*Articles of Incorporation*"), there is hereby created the following series of Preferred Stock:

One (1) share shall be designated Series N Preferred Stock, par value \$0.001 per share (the "*Series N Preferred Stock*").

The designations, powers, preferences, and rights, and the qualifications, limitations, and restrictions of the Series N Preferred Stock in addition to those set forth in the Articles of Incorporation shall be as follows:

Section 1. Designation and Amount. The series of Preferred Stock shall be comprised of one (1) share and shall be designated "Series N Convertible Preferred Stock." As used herein, the term "*Series N Preferred Stock*" shall refer to the share of the Corporation's Series N Convertible Preferred Stock, and the term "*Common Stock*" shall refer to the Corporation's Common Stock. The Corporation shall from time to time in accordance with the laws of the State of Nevada increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit conversion of the Series N Preferred Stock.

Section 2. Dividends. No dividends shall be paid on the Series N Preferred Stock.

Section 3. Liquidation Preference. In any liquidation, dissolution, or winding up of the Corporation, the holders of the Series N Preferred Stock shall be entitled to receive (a) in preference to the holders of the Common Stock (b) on a *pari passu* basis to any sum that the holders of the Series G Preferred Stock and the holders of the Series Q Preferred Stock shall be entitled to receive, but (c) subordinate in preference to any sum that the holders of any shares of any other series of the Corporation's Preferred Stock shall be entitled, an amount equal to \$2,500.00 per share (subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization). After payment of such sums, (i) the holders of the Series N Preferred Stock and (ii) the holders of the Common Stock, shall be entitled to receive any remaining assets of the Corporation on a pro rata, as-converted basis assuming conversion of the Series N Preferred Stock into Common Stock at the then-current Conversion Rate.

Section 4. Voting Rights. Except as expressly provided herein, or as provided by applicable law, the holders of the Series N Preferred Stock shall have the same voting rights as the holders of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and the holders of Common Stock and Series N Preferred Stock shall vote together as a single class on all matters. Each holder of Series N Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which the share of Series N Preferred Stock could then be converted. Fractional votes shall not be permitted. Any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Series N Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

Section 5. Conversion. The holders of the Series N Preferred Stock shall have the following conversion rights (the "*Conversion Rights*"):

(a) *Mandatory Conversion: Conversion Date* Concurrently with and subject to the Corporation's filing an amendment to the Articles of Incorporation with the Secretary of State of the State of Nevada to increase the number of authorized shares of Common Stock to not less than nine hundred fifty million (950,000,000) shares of Common Stock (the "*Conversion Date*"), the share of Series N Preferred Stock then-outstanding shall automatically convert, without any action required on behalf of the holders thereof, on the Conversion Date into fully paid and non-assessable shares of the Corporation's Common Stock at the Conversion Rate (as defined below). The "*Conversion*" shall be deemed effective as of the Conversion Date.

(b) *Conversion Rate* As of the date of filing of this Certificate with the Secretary of State of the State of Nevada, the share of Series N Preferred Stock held by that holder shall be initially convertible at the option of the holder into 2,500,000 shares of the Corporation's Common Stock (such number of shares of Common Stock into which each share of Series N Preferred Stock is convertible, the initial "*Conversion Rate*"). For purposes of clarification, the initial Conversion Rate shall be the quotient obtained by dividing (i) 1.00 initially by (ii) 2,500,000. Such "initial quotient" is approximately 0.0000004. The number of shares of Common Stock shall be determined by dividing the share of Series N Preferred Stock to be converted by approximately 0.0000004, such that 2,500,000 shares of Common Stock shall result from such Conversion. The Conversion Rate shall be subject to appropriate adjustment in the event of any stock dividend, forward stock split, or other similar recapitalization as set forth herein. Accordingly, if the Conversion Rate has been adjusted, the then-current Conversion Rate shall be utilized in lieu of approximately 0.0000004.

(c) *Mechanics of Exchange of Certificates That Formerly Represented Shares of Series N Preferred Stock for Certificates That Represent Shares of Common Stock*

(1) The Corporation shall, promptly following the Conversion Date, send or cause to be sent a written notice to the holder of Series N Preferred Stock notifying such holder of the conversion thereof. Within 15 days of receiving written notice from the Corporation of the Conversion, the holder shall surrender the certificate or certificates that, immediately prior to the Conversion, represented the Series N Preferred Stock so converted, duly endorsed to the Corporation or in blank, to the Corporation at its principal office (or at such other office as the Corporation may designate by written notice, postage prepaid, to all holders) at any time during its usual business hours, together with a statement of the name or names (with addresses) of the person or persons in whose name the certificate or certificates for Common Stock shall be issued. The certificate or certificates that, immediately prior to the Conversion, represented the Series N Preferred Stock so converted shall also be accompanied by a duly executed Conversion Certificate substantially in the form attached hereto as Exhibit A.

(2) Promptly after surrender of the certificate or certificates that, immediately prior to the Conversion, represented the share of Series N Preferred Stock so converted, the Corporation shall cause to be issued and delivered to said holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of shares of Common Stock issuable upon the Conversion of such share of Series N Preferred Stock. Each certificate issued representing the shares of Common Stock issued upon the Conversion shall bear a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(3) Conversion Rate Adjustment for Stock Dividends, Subdivisions, Reclassification, or Combinations If, any time prior to the Conversion Date, the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Rate (expressed as a quotient) in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination, or reclassification shall be proportionately adjusted such that the holder of the share of Series N Preferred Stock converted in the manner set forth in Section 5(a) shall be entitled to receive the number of shares of Common Stock that such holder would have owned or been entitled to receive had such Series N Preferred Stock been converted immediately prior to such date. Successive adjustments in the then Conversion Rate (expressed as a quotient) shall be made whenever any event specified above shall occur.

(d) *Fractional Shares*. No fractional shares of Common Stock shall be issued upon conversion of the Series N Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round the fraction to the next whole number of shares of Common Stock.

(e) *Costs*. The Corporation shall pay all documentary, stamp, transfer, or other transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of the share of Series N Preferred Stock; *provided, however*, that the Corporation shall not be required to pay any taxes that may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the share of Series N Preferred Stock in respect of which such shares are being issued.

(f) *Valid Issuance*. All shares of Common Stock that shall be issued upon conversion of the share of Series N Preferred Stock into shares of Common Stock will, upon issuance by the Corporation in accordance with this Certificate of Designation, be duly and validly issued, fully paid, and non-assessable and free from all taxes, liens, and charges with respect to the issuance thereof.

Section 6. Notices. Any notice required or permitted by the provisions of this Certificate of Designation to be given to a holder of the share of Series N Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the Nevada General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation of Series N Preferred Stock to be duly executed on and as of May 3, 2016.

TERRA TECH CORP.

By: /s/ Derek Peterson
Derek Peterson
President and Chief Executive Officer

EXHIBIT A
CONVERSION CERTIFICATE

TERRA TECH CORP.
Series N Preferred Stock

The undersigned holder (the "*Holder*") is surrendering to Terra Tech Corp., a Nevada Corporation (the "*Corporation*"), all of the Holder's certificates that, immediately prior to the Conversion (as defined in the Certificate of Designation of the Series N Preferred Stock (the "*Certificate of Designation*"), represented one share of Series N Preferred Stock of the Corporation (the "*Series N Preferred Stock*") in connection with the conversion of such share of Series N Preferred Stock owned of record and beneficially by the Holder as of the Conversion Date (as defined in the Certificate of Designation) into that number of shares of Common Stock, \$0.001 par value per share, of the Corporation (the "*Common Stock*") as set forth below.

1. The Holder understands that the Series N Preferred Stock was issued by the Corporation pursuant to the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 4(a)(2) of the Securities Act or by Rule 506 of Regulation D, promulgated thereunder.
2. The Holder understands that the exchange of the Common Stock for the Series N Preferred Stock in favor of the Holder upon the Conversion shall be made pursuant to an exemption from registration under the Securities Act.

Number of Shares of Series N Preferred Stock Being Converted: One (1)

Number of Shares of Common Stock to be Issued: _____

Conversion Date: _____

Delivery Instructions for Certificates of Common Stock: _____

Name of Holder, Printed: _____

Signature of Holder: _____

Telephone Number of Holder: _____

AGREEMENT OF MERGER

THIS AGREEMENT OF MERGER, dated as of March 31, 2016 (the "**Merger Agreement**"), is made and entered into by Generic Merger Sub, Inc., a California corporation ("**Merger Sub**") and Black Oak Gallery, a California corporation (the "**Company**" or "**Surviving Corporation**") (the Company and Merger Sub being hereinafter collectively referred to as the "**Constituent Corporations**").

RECITALS

A. Terra Tech Corp., a Nevada corporation ("**Terra Tech**"), the Company and Merger Sub have entered into an Agreement and Plan of Merger dated December 23, 2015 (the "**Reorganization Agreement**"), providing, among other things, for (i) the execution and filing of this Merger Agreement and (ii) the merger of Merger Sub with and into the Company upon the terms set forth in the Reorganization Agreement and this Merger Agreement (the "**Merger**").

B. The respective Boards of Directors of each of the Constituent Corporations deem it advisable and in the best interests of each of such corporations and their respective shareholders that Merger Sub be merged with and into the Company, with the Company surviving the merger.

C. The shareholders of the Company have adopted and approved the Reorganization Agreement and approved the Merger pursuant to a written consent of the shareholders (the "**Shareholder Consent**") dated December 23, 2015.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual agreements contained in this Merger Agreement, the Constituent Corporations hereby agree that Merger Sub shall be merged with and into the Company in accordance with the provisions of the laws of the State of California, upon the terms and subject to the conditions set forth as follows:

**ARTICLE I.
THE MERGER**

Section 1.01 FILING. This Merger Agreement, together with the officers' certificates of each of the Constituent Corporations required by the General Corporation Law of the State of California (the "**California Law**"), shall be filed with the Secretary of State of the State of California at the time specified in the Reorganization Agreement.

Section 1.02 EFFECTIVENESS. The Merger shall become effective at the time this Merger Agreement is filed with and accepted by the Secretary of State of the State of California (the "**Effective Time**").

Section 1.03 MERGER. At the Effective Time, Merger Sub shall be merged into the Company and the separate corporate existence of Merger Sub shall thereupon cease. The Company shall be the Surviving Corporation in the Merger and the separate corporate existence of the Company, with all of its purposes, objects, rights, privileges, powers, immunities and franchises, shall continue unaffected and unimpaired by the Merger.

Section 1.04 FURTHER ACTION. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Merger Agreement or to vest the Surviving Corporation with the full right, title and possession to all assets, property, rights, privileges, immunities, powers and franchises of either or both of the Constituent Corporations, the officers and directors of the Surviving Corporation are fully authorized in the name of either or both of the Constituent Corporations or otherwise to take all such action.

**ARTICLE II.
CORPORATE GOVERNANCE MATTERS**

Section 2.01 ARTICLES. From and after the Effective Time and until thereafter amended as provided by law, the Articles of Incorporation of the Surviving Corporation shall hereby be amended and restated in full as set forth in Exhibit A attached hereto.

**ARTICLE III.
MANNER OF CONVERTING SHARES OF THE CONSTITUENT CORPORATIONS**

Section 3.01 CONVERSION OF COMPANY CAPITAL STOCK. At the Effective Time, by virtue of the Merger and without any further action on the part of Terra Tech, Merger Sub, the Company or any shareholder of the Company:

(a) Each share of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and become one newly issued, fully paid and non-assessable share of common stock of the Surviving Corporation.

(b) Each of the shares of capital stock of the Company held by the Company in any form or otherwise owned by Terra Tech or Merger Sub immediately prior to the Effective Time, if any, shall be canceled and retired and shall cease to exist, and no payment or distribution shall be made or delivered with respect thereto.

(c) Subject to the provisions of the Reorganization Agreement, each of the shares of the Company's Common Stock (the "**Shares**") that is issued and outstanding immediately prior to the Effective Time will be automatically converted into the right to receive the securities (the "**Payment Securities**") and other consideration set forth on Exhibit B hereto.

(d) Any and all outstanding options, warrants and similar rights to purchase capital stock of Company that pursuant to their terms do not expressly require the assumption of the same in connection with the Merger shall be cancelled and shall cease to exist.

(e) No fraction of a share of Payment Securities will be issued by virtue of the Merger, and each former holder of Shares who would otherwise be entitled to a fraction of a share of Payment Securities (after aggregating all fractional shares of Payment Securities that otherwise would be received by such holder) shall, upon surrender of such holder's stock certificate(s), receive from Terra Tech an amount of cash in dollars (rounded to the nearest whole cent), without interest, less the amount of any withholding taxes with respect to the shares represented by such certificate which are required to be withheld with respect thereto, equal to the fair value of such share as of the Effective Time; provided, however, that, if the fraction of a share that any such holder would otherwise be entitled to receive in the Merger is less than one-half of 1 percent of the total number of shares of Payment Securities that person is otherwise entitled to receive, then the shares of Payment Securities issuable to the such holder in the Merger will be rounded off to the nearest whole share.

(f) The number of shares of Payment Securities shall be adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Payment Securities or Shares), reorganization, recapitalization, reclassification or other like change with respect to Payment Securities occurring on or after the date of this Agreement and prior to the Effective Time.

Section 3.02 Dissenters' Rights.

(a) Notwithstanding any other provisions of this Agreement to the contrary, any Shares held by a holder who has not effectively withdrawn or lost such holder's dissenters' or similar rights under the Corporations Code (collectively, the "*Dissenting Shares*"), shall not be converted into or represent a right to receive Payment Securities, but the holder thereof shall only be entitled to such rights as are provided by Corporations Code.

(b) If any holder of Dissenting Shares shall effectively withdraw or lose (through failure to perfect or otherwise) such holder's dissenters' or similar rights under the Corporations Code, then, as of the later of the Effective Time and the occurrence of such event, such holder's Shares shall automatically be converted into and represent only the right to receive the consideration for the Shares, as applicable, set forth in this Merger Agreement, without interest thereon, upon surrender of the certificate(s) representing such Shares.

Section 3.03 Exchange of Certificates.

(a) Promptly after the Effective Time, Terra Tech shall mail to each holder of record of a certificate or certificates ("*Certificates*") that immediately prior to the Effective Time represented outstanding Shares that were converted into the right to receive Payment Securities or cash in lieu of any fractional shares pursuant to this Agreement, (i) a letter of transmittal in customary form and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates representing shares of Payment Securities. Upon surrender of Certificates for cancellation to Terra Tech together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may reasonably be required by Terra Tech (including any required Form W-9 or Form W-8), each holder of such Certificates shall be entitled to receive in exchange therefor (x) one or more certificates representing the number of whole shares of Payment Securities (after aggregating all Certificates surrendered by such holder) to which such holder is entitled pursuant to this Agreement, less the number of shares of Payment Securities to be deposited into escrow pursuant to the Reorganization Agreement and (y) a check in the amount of dollars in lieu of fractional shares that such holder has the right to receive pursuant to this Merger Agreement, and the Certificates so surrendered shall forthwith be canceled. Until so surrendered, outstanding Certificates will be deemed, from and after the Effective Time, for all corporate purposes, to evidence only the right to receive upon surrender thereof the number of whole shares of Payment Securities to which such holder is entitled pursuant to this Agreement and an amount in cash in lieu of the issuance of any fractional shares. No interest will be paid or accrued on any cash payable in lieu of fractional shares of Payment Securities. In the event of a transfer of ownership of Shares that was not registered in the transfer records of Company, a certificate representing the proper number of shares of Payment Securities and cash payable in lieu of fractional shares may be issued to such transferee if the Certificate representing such Shares is presented to Terra Tech and is accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid.

(b) No dividends or other distributions declared or made after the date hereof with respect to Payment Securities with a record date after the Effective Time will be paid to any holders of any unsurrendered Certificates with respect to the shares of Payment Securities represented thereby until the holder of record of any such Certificates shall surrender such Certificates. Subject to applicable law, following surrender of any such Certificates, Terra Tech shall deliver to the record holders thereof, without interest, (i) promptly after such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the whole shares of Payment Securities represented thereby, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender, payable with respect to such whole shares of Payment Securities.

(c) In the event that any Certificates shall have been lost, stolen or destroyed prior to the Closing Date, Terra Tech shall issue and pay in exchange for such lost, stolen or destroyed Certificates, upon the receipt of an affidavit of that fact by the holder thereof (reasonably satisfactory to Terra Tech) and such other documents as Terra Tech may reasonably require, certificates representing the shares of Payment Securities into which the Shares represented by such Certificates were converted pursuant to this Agreement, cash for fractional shares, if any, as may be required pursuant hereto, and any dividends or distributions payable pursuant to Section 3.03(b).

(d) All shares of Payment Securities, cash in lieu of fractional shares of Payment Securities and dividends or other distributions with respect to Payment Securities issued in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such Shares, and there shall be no further registration of transfers on the records of the Surviving Corporation of Shares that were outstanding immediately prior to the Effective Time.

(e) Notwithstanding anything to the contrary herein, neither Terra Tech, Company, the Surviving Corporation nor any party hereto shall be liable to a holder of Shares for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

ARTICLE IV.
TERMINATION AND AMENDMENT

Section 4.01 TERMINATION. Notwithstanding the approval of this Merger Agreement by the shareholders of Merger Sub and the Company, this Merger Agreement shall terminate forthwith in the event that, prior to the Effective Time, the Reorganization Agreement shall be terminated as therein provided.

Section 4.02 AMENDMENT. This Merger Agreement may be amended by the parties hereto at any time before or after approval hereof, but

prior to the Effective Time, by the shareholders of either Merger Sub or the Company; but, after any such approval, no amendment shall be made that, without the further approval of such shareholders, would (i) have a material adverse effect on the shareholders of either Merger Sub or the Company, (ii) change any of the principal terms of the Merger Agreement, or (iii) change any term of the Articles of Incorporation of the Surviving Corporation. This Merger Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

**ARTICLE V.
MISCELLANEOUS**

Section 5.01 HEADINGS. The headings contained in this Merger Agreement are for convenience of reference only, shall not be deemed to be a part of this Merger Agreement and shall not be referred to in connection with the construction or interpretation of this Merger Agreement.

Section 5.02 COUNTERPARTS. This Merger Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement

Section 5.03 GOVERNING LAW. This Merger Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of California (without giving effect to principles of conflicts of laws).

Section 5.04 CONSTRUCTION. For purposes of this Merger Agreement, whenever the context requires: the singular number shall include the plural, and vice versa. The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Merger Agreement. As used in this Merger Agreement, the words 'include' and 'including,' and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words 'without limitation.' Except as otherwise indicated, all references in this Merger Agreement to 'Sections' and 'Exhibits' are intended to refer to Sections of this Merger Agreement and Exhibits to this Merger Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Merger Agreement as of the date first written above.

BLACK OAK GALLERY

By: /s/ Salwa Ibrahim
Name: Salwa Ibrahim
Title: President

By: /s/ Alicia Darrow
Name: Alicia Darrow
Title: Secretary

GENERIC MERGER SUB, INC.

By: /s/ Michael Nahass
Name: Michael Nahass
Title: President & Secretary

EXHIBIT A

Articles of Incorporation of Surviving Corporation

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
BLACK OAK GALLERY**

ARTICLE I

The name of this corporation is Black Oak Gallery.

ARTICLE II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

This corporation is authorized to issue only one class of shares of stock, which shall be designated common stock, no par value per share; and the total number of shares that the corporation is authorized to issue is 100,000.

ARTICLE IV

(a) The liability of directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

(b) The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through Bylaw provisions, agreements with agents, vote of shareholders or disinterested directors, or otherwise, to the fullest extent permissible under California law.

(c) Any amendment, repeal, or modification of any provision of this Article V shall not adversely affect any right or protection of agent of this corporation existing at the time of such amendment, repeal, or modification.

/s/ Michael Nahass

Michael Nahass, Secretary

EXHIBIT B

Merger Consideration*

Each of the Shares held by the Group A Shareholders (as defined in the Reorganization Agreement), subject to the terms of the Reorganization Agreement, shall be converted into the right to receive:

435.911632 shares of Terra Tech Series B Preferred Stock

0.4106330 shares of Terra Tech Series Z Preferred Stock

Each of the Shares held by the Group B Shareholders (as defined in the Reorganization Agreement), subject to the terms of the Reorganization Agreement, shall be converted into the right to receive:

1.0750077 shares of Terra Tech Series Q Preferred Stock

A contingent right to receive \$104.99653783 in cash

* In accordance with Section 1101 of the California Corporations Code, the distribution of cash, rights, securities or other property set forth in this Exhibit B has been approved by all shareholders of the Company.

OPERATIONS AND ASSET MANAGEMENT AGREEMENT

This Operations and Asset Management Agreement (this "Agreement") is made and entered into this 31st day of March, 2016 (the "Effective Date"), by and among Terra Tech Corp., a Nevada corporation ("Terra Tech"), Black Oak Gallery, a California corporation (the "Owner"), and Platinum Standard, LLC, a California limited liability company ("Operator") (each a "Party" and, collectively, the "Parties").

RECITALS

A. The Owner is the owner of that certain licensed medical cannabis dispensary business (the "Business") located at 578 W. Grand Avenue, in the City of Oakland, State of California, commonly known as Blum Oakland (the "Property").

B. Owner's Business includes a cultivation center, located on the property of the Business (the "Cultivation Center") located at 556 - 578 W. Grand Avenue, in the City of Oakland, State of California.

C. Operator is an experienced medical cannabis dispensary operator.

D. Since approximately October 1, 2012, Owner has engaged Operator in the financing and operation of the Business.

E. As of the Effective Date, Owner is a wholly-owned subsidiary of Terra Tech.

F. Terra Tech engages in the business of managing and operating cultivation businesses, among other business activities.

G. Terra Tech hereby desires to engage and appoint Operator as the sole and exclusive operator and asset manager of the Business for the benefit of Terra Tech and Owner, and Operator desires to accept such appointment, all upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, promises and conditions herein contained, Terra Tech and Operator agree as follows:

**ARTICLE I
APPOINTMENT**

1.01 Terra Tech hereby hires and appoints Operator as the sole and exclusive operator and asset manager of the Business, with the authority to operate and manage the operations of all aspects of the Business and to manage the assets of the Business on the terms and conditions set forth in this Agreement, and Operator hereby accepts such appointment.

ARTICLE II TERM

2.01 **Initial Term.** Subject to the option to renew set forth in Paragraph 2.02, below, and to the termination provisions set forth in Paragraph 10.01, below, this Agreement shall commence as of the Effective Date and shall remain in full force and effect for a period of ten (10) years or upon the termination of this Agreement pursuant to the provisions of this Agreement hereinafter provided.

2.02 **Option to Renew Term.** Subject to the written consent of the other Party, each Party has an option to renew for another ten (10) years by giving notice of its exercise of the option at least ninety (90) days prior to expiration of the initial ten (10) year period. Such written consent, if provided, shall be provided not later than thirty (30) days subsequent to such Party's receipt of the ninety (90)-day option exercise notice.

ARTICLE III OPERATOR'S DUTIES AND POWERS

3.01 **General Duties.**

(a) Subject to Terra Tech and the Owner exercising their discretion and authority in accordance with this Agreement, Operator shall have (i) full power, authority and responsibility to take all actions and do all things necessary or reasonably proper in the ordinary and usual business and affairs pertaining to the operation and management of the Business and to determine the policies to be followed in connection therewith, all in accordance with the provisions of this Agreement and (ii) discretion, control and responsibility in all matters relating to the management, operation, maintenance and marketing of the Business, including, without limitation, patient relations, credit policies, employment policies, collections, the receipt, holding and disbursement of funds, maintenance of accounts, procurement of inventories and supplies, promotion, advertising and publicity, and generally, all those activities necessary or proper for the management and operation of the Business. The illustrations of Operator's authority specified in this Agreement (subject to the above-referenced exercise of discretion and authority by Terra Tech and the Owner) are not intended to limit Operator's discretion and authority to take any action reasonably proper to operate, manage and maintain the Business. Subject to the above-referenced exercise of discretion and authority by Terra Tech and the Owner, and without otherwise limiting the foregoing or any other provision in this Agreement, Operator shall have such responsibilities and obligations, and shall perform and take, or caused to be performed or taken, all services and actions customarily performed or taken by operators of businesses which are similar in nature, location and character to the Business. Operator shall perform all of its duties in an efficient and economical manner, subject to Terra Tech's and the Owner's direction and exercise of their discretion and authority and otherwise pursuant to the terms and provisions of this Agreement.

(b) Operator agrees, notwithstanding the authority granted herein, to confer fully and freely with Terra Tech and the Owner in the performance of its duties, and to continue to remain informed regarding the Business. Operator further agrees to abide by those lawful standards, instructions, and standard operating procedures ("SOPs") which Terra Tech or the Owner may issue from time to time regarding the standards and procedures by which the Business is to be operated. The initial SOPs (which consist of (i) Accounting Internal Controls and (ii) other Standard Operating Procedures) are attached hereto as Exhibits A(i) and A(ii). The Operator acknowledges that the SOPS will be subject to modification, expansion, and contraction during the term of this Agreement and agrees, upon request therefor, to utilize its discretion and experience in providing assistance to Terra Tech and the Owner in connection

with such their preparation of such "updated" SOPs.

3.02 **Asset Management**. Related to this Agreement, Operator will perform the following services (the "Asset Management") on behalf of Terra Tech and the Owner related to Asset Management of the Business, including:

(i) Advice on protection, use and maintenance of the brand "Blüm";

(ii) Advice to Terra Tech and the Owner regarding real estate matters, including the Property and any additional locations established by Terra Tech; and

(iii) Advice on industry developments as to products and best practices involving all aspects of the Business and considerations for future development.

3.03 Compliance with Laws. Operator shall, at Terra Tech's or the Owner's expense, use its diligent best efforts to see to it that the Business is at all times in compliance with applicable laws, rules and regulations, including but not limited to, any other requirements of governmental authorities having jurisdiction over the Business and Operator shall assist Terra Tech and the Owner to renew, as necessary, all permits and licenses which are legally required for the operation and maintenance of the Business. The Operator, at its sole expense, shall be responsible for any and all fines, penalties, losses of revenues, or increases in the costs of operating the Business due to any mismanagement of the Business, malfeasance related to the Business, or lack of adherence to the SOPs, or then-current local or state laws or regulations, or then-current local, state or federal tax codes or regulations.

3.04 Personnel.

(a) Terra Tech or the Owner shall reimburse Operator on a monthly basis for any expenses reasonably incurred by Operator in order for Operator on behalf of the Owner to employ, retain, supervise, discipline and discharge such employees as may be necessary for the proper and efficient operation, management and maintenance of the Business. All such employees may be employees of, or independent contractors to, the Owner; however, Operator shall provide human resources services as required to maintain a responsive and productive work force.

(b) Operator shall (i) pay with funds provided by Owner all wages and other benefits properly payable to the employees or the independent contractors hired by Operator for the Business, subject to Paragraph 3.04(a), above; (ii) maintain adequate payroll and compensation records; (iii) remit to the proper authorities all required income and social security withholding taxes, unemployment insurance payments, workmen's compensation payments and such other amounts with respect to the wages, compensation, and other benefits payable to such employees and independent contractors as may be required under applicable laws, together in each case with all required reports or other filings; (iv) use its best efforts to settle any labor disputes with employees and independent contractors otherwise manage the Business so as to minimize operational problems for Terra Tech and the Owner; (v) obtain, maintain and administer all medical, disability and other insurance benefits and other agreements or arrangements applicable to the Owner's employment or engagement of such personnel; and (vi) institute best practices for loss prevention of product, money, fixtures and equipment, and, to that end, to the extent available, cause all of Owner's employees or independent contractors who handle or are responsible for Owner's monies to be bonded by a fidelity bond or to otherwise acquire insurance satisfactory to Terra Tech and the Owner, which bond or insurance shall be in an amount sufficient to totally cover loss or theft of said monies.

3.05 **Professionals and Contractors.** Operator shall (i) identify and, solely upon the prior, written approval of either of Terra Tech or the Owner, enter into contracts with architects, engineers, accountants/bookkeepers, leasing agents or brokers, attorneys, tradesmen and other independent contractors to perform services and (ii) supervise the administration and monitor the performance of all work to be performed and services to be rendered under all such contracts. Operator shall use due care in the selection of all such professionals and other independent contractors and shall not exceed the amount allocated for such professionals and/or other independent contractors in the Approved Budget without the prior, written consent of Terra Tech.

3.06 **Equipment and Supplies; Utilities; Product Procurement.**

(a) Operator shall, at Owner's expense, purchase all maintenance, janitorial supplies, equipment and tools (such as restroom supplies, light bulbs, paint and office supplies) necessary for the proper and efficient operation and management of the Business and may only be used in connection with the Business. Operator shall attempt to purchase all goods, supplies or services at the lowest cost available from dependable sources, subject to Terra Tech and the Owner exercising their discretion and authority in accordance with this Agreement and to the limitations contained in **ARTICLE IV**. The purchase or lease of a single piece of equipment or order of supplies in excess of the limitations contained in **ARTICLE IV** which is not included in the Approved Budget shall require prior, written consent of Owner. If Terra Tech fails to notify Operator of its disapproval of any such purchase or lease within twenty (20) days after receipt of Operator's proposal to purchase or lease, such purchase or lease shall be deemed as approved.

(b) Operator shall, on behalf of Owner, enter into or renew contracts for electricity, gas, steam, landscaping, telephone, fuel, oil, maintenance, vermin extermination and other services such as are usual or customarily furnished in connection with ownership, operating and rental of similar properties as the Property for the operation of enterprises similar to the Business.

(c) Operator shall, on behalf of Owner, procure all necessary products (medicinal or otherwise) required to successfully operate the Business. In procuring product Operator shall utilize its discretion and experience, some of which Terra Tech and the Owner acknowledge is proprietary to Operator, having been developed by its principals over at least the fifteen (15) years prior to the Effective Date.

3.07 **Maintenance.**

(a) Operator shall cause the Business and the Property to be maintained in good and safe condition, comparable to that of other properly maintained businesses and properties similar in type and location to that of the Business and the Property.

(b) To the extent of the capacity of all equipment and systems located in or servicing the Business, Operator shall assist Owner to cause all such equipment and systems to be operated effectively and maintained in good repair and Operator shall assist Owner to cause to be provided or made available those services which Owner is required to provide or make available under the lease of the Property.

(c) Subject to Terra Tech and the Owner exercising their discretion and authority in accordance with this Agreement, Operator shall enter into such service and maintenance contracts, to be paid for with funds provided by Owner, as Operator shall deem necessary or appropriate for the

operation and maintenance of the Business, including the equipment and systems located in or servicing the Business, contracts for utilities, elevator (if any) maintenance, telephone service, office cleaning, window cleaning, landscape maintenance, rubbish removal, fuel, security, food vending and vermin extermination.

3.08 **Repairs.** Subject to the terms and conditions of any lease or sublease pursuant to which the Owner occupies the Property and Terra Tech and the Owner exercising their discretion and authority in accordance with this Agreement, Operator shall cause such ordinary and necessary repairs to be made to the Property and all equipment and systems located on or servicing the Property, and shall cause such interior alterations and decorations to be made to the Property, as Operator shall deem necessary or advisable for the proper operation of the Business and the proper maintenance of the Property.

Subject to the provisions of this Section 3.08, but notwithstanding the cost limitations set forth in this Agreement, Operator may cause to be made all emergency repairs which are immediately necessary for the preservation or protection of the Business and Property or the safety of employees, clients and other persons in or on the Property or which repairs are otherwise required to avoid the suspension of any necessary services in the Property. Operator may take such steps without Terra Tech's or the Owner's prior approval and without limitation as to cost; provided, however, that, in each such instance, Operator shall, before causing any such emergency repair to be made, use reasonable, diligent efforts under the circumstances to notify Terra Tech or the Owner of the emergency situation and obtain approval of such repair.

3.09 **Insurance.** Operator shall obtain and maintain all such insurance coverage for Terra Tech and the Owner and operation of the Business as required under **Article VIII** of this Agreement, as well as such other insurance as is provided for by the Approved Budget. Operator shall be named as an additional insured under coverage so obtained. Operator shall prepare and file all reports, claims, notices and other documents required in connection with such policies of insurance and any claims thereunder.

3.10 **Advertising - Public Relations**

(a) Operator, at the expense of Owner shall hire such advertising services, shall place such advertisements and shall generally supervise and attend to all promotional matters pertaining to the operation of the Business as Operator shall deem advisable.

(b) Operator shall represent Owner in connection with all matters of general public interest which pertain to the Business and shall attempt to amicably resolve any complaints; disputes or disagreements in connection therewith as promptly as is reasonably possible; all of the foregoing actions to be taken by Operator after notice to and discussion with Terra Tech and the Owner.

3.11 **Payment of Expenses.** Operator shall pay, with funds from the Business Account (defined below), all expenses which Operator properly incurs under the terms of this Agreement, except for Operator's compensation under this Agreement, which Owner shall pay. Operator shall at all times use its best efforts to obtain for Owner, and shall credit to the account of Owner in each case, all discounts rebates and other favorable financial terms which may be available in connection with any costs or expenses Operator shall incur under this Agreement.

3.12 **Business Account.**

(a) Terra Tech and the Owner agree that the following sequence of payments is acceptable: governmental fees and charges (e.g., taxes, license fees), rent and utilities; payroll; product procurement; vendor invoices; compensation of Operator; and any remaining invoices. Operator shall remit to Terra Tech or Owner, as and when requested, all unexpended funds, except for sufficient funds to operate the Business and a reserve for contingencies in an amount determined by Terra Tech and the Owner.

(b) Should the expense of operating the Business at any time show that the sums deposited by Operator in the Business Account are less than the amount needed (without regard to cash on hand) to pay those recurring expenses best paid by check, Operator will notify Terra Tech of the sum actually needed. Owner shall, as soon as practicable thereafter, advance said sum to Operator.

3.13 **Payroll and Other Taxes and Contributions.** Operator, with funds provided by Owner, shall be responsible for retaining a vendor for the payment of all federal, state and local payroll taxes and for contributions for unemployment insurance, social security and other benefits imposed or assessed under any provision of law or by regulation, and which are measured by salaries, wages or other remuneration paid or payable by Operator on behalf of Owner to its employees and independent contractors engaged in any work in connection with this Agreement or the Property.

3.14 **Miscellaneous Expenditures.** At Owner's expense, Operator shall cause to be timely disbursed all principal and interest payments on encumbrances on the Business, real estate and other taxes, insurance premiums, utilities, water and sewer charges, and assessments of every nature in respect to the Business or to Property as well as the cost of any other item or items associated with the operation of the Business or to the Property not specifically set out herein but which are consistent with the Approved Budget.

3.15 **Financial Services.** Operator shall perform or cause to be performed, the following: (i) process and pay operating and capital invoices; (ii) record activity and compare such activity to Approved Budget amounts; (iii) reconcile the Business Account; (iv) remit excess funds to Owner and request needed funds from Owner; (v) maintain books of account for Owner's funds (as more specifically provided elsewhere in this Agreement); and (vi) submit periodic financial reports to Owner (as more specifically provided in this Agreement).

ARTICLE IV
LIMITATIONS OF OPERATOR'S POWERS AND AUTHORITY

4.01 **Expenditures.** Except to the extent provided for in the Approved Budget or as otherwise specifically provided for in this Agreement with respect to emergency situations or otherwise, Operator shall not, without the prior written approval of Terra Tech or Owner, incur any single expense for a repair, alteration, service, supply or other matter whatsoever which would involve a cost in excess of **One Hundred Thousand Dollars (\$100,000.00)**, provided that Operator may purchase product for resale in any amount subject to its reasonable discretion and experience in product procurement developed by its principals over the past fifteen (15) years.

4.02 **Capital Expenditures.** With respect to purchase and installation of major items of new or replacement equipment, the Operator shall recommend that Owner purchase these items when Operator believes such purchase to be necessary. If Terra Tech or Owner requires, Terra Tech or Owner may communicate to Operator its acceptance or rejection of bids; otherwise Operator shall accept or reject applicable bids. Owner may pay capital expenses from its own resources or may authorize payment by Operator out of the Business Account.

**ARTICLE V
BUDGETS**

5.01 **Budget for first Operating Year.** Operator shall commence preparation and shall submit to Terra Tech and Owner a pro forma budget for

the operation, management and maintenance of the Business covering operations. Operator shall manage the Business consistent with and subject to the cost limitations set forth in such budget as the same may be adjusted in accordance with the provisions of this Paragraph 5.01.

5.02 **Annual Budgets after First Operating Year.** Operator shall prepare and submit to Terra Tech and Owner a proposed pro forma budget for all costs pertaining to the operation, management and maintenance of the Business during such Operating Year. Each such budget shall be substantially in the same form as the Approved Budget (defined below) in effect for the prior Operating Year. Each such budget shall set forth expenditures on an annual and a monthly basis. Operator shall make such reasonable modifications to each proposed pro forma budget it prepares in accordance with this Paragraph 5.02 until Terra Tech and the Owner shall have approved such budget in writing. Terra Tech and the Owner agree not to unreasonably withhold or delay their review and approval thereof. If Terra Tech and the Owner fail to approve a budget submitted by Operator within thirty (30) days following submission to each of them, the budget will be deemed to be the Approved Budget for the particular Operating Year involved. Terra Tech, the Owner and the Operator acknowledge that the procurement of products (medicinal and other) shall be exempt from the content and restrictions of the Approved Budget since it is not possible to accurately forecast the increase in sales of product from year to year, the Parties acknowledging that the mission of the Business is to provide medicine and services to the patients and caregiver members utilizing Owner's services, medicine and other authorized products. Notwithstanding the above, upon reasonable periodic requests from Terra Tech or the Owner, the Operator shall (in light of its proprietary information and experience in the industry) advise Terra Tech and the Owner as to the level of inventory by product (both in quantity and in economic value) that the Operator believes the Business should maintain for the one-, two-, or three-month period following such requests.

5.03 **Approved Budgets and Operating Years.** Each pro forma operating budget approved by Terra Tech and Owner in accordance with Paragraph 5.02, above, and the pro forma budget referred to in Paragraph 5.01, above, together with any adjustments thereto, is referred to in this Agreement and shall be deemed to be the "Approved Budget" for the period covered by such budget. Each Approved Budget shall cover a period which shall begin on January 1 and end on December 31, which is referred to in this Agreement as an "Operating Year".

5.04 **Limitations of Approved Budgets.** Except as otherwise specifically provided in this Agreement, Operator shall incur costs and expenses in connection with the operation, management and maintenance of the Business during any Operating Year within the limitations established by the Approved Budget for such Operating Year. Further, Operator shall not, without Terra Tech's and Owner's prior written consent, incur costs and expenses with respect to any calendar month which would result in the budget for such month, (or in any major category thereof) as shown in the Approved Budget then in effect being exceeded by more than twenty percent (20%). Overages shall not take into consideration, the following (in addition to the exemption of product): costs and expenses relating to utility charges, real estate taxes, insurance or otherwise which are not within Operator's reasonable control and which, if not incurred, would or might, in Operator's reasonable judgment, adversely and materially affect the operation and maintenance of the Business. In addition, if any Operating Year shall commence before Terra Tech and Owner shall have approved the proposed pro forma budget (or the deemed approval) for such year, Operator shall use its reasonable judgment in incurring costs and expenses relating to the operation and maintenance of the Business until an Approved Budget for such Operating Year shall be in effect and in doing so shall be guided by the Approved Budget for the prior Operating Year. In such a case, Operator shall be subject to the same financial limitations established by the last effective Approved Budget as if such budget had been in effect for the then current Operating Year, increasing, however, the amount of funds set aside for each category of such budget by four percent (4%).

ARTICLE VI BOOKS, RECORDS, REPORTS AND ACCOUNTING

6.01 **Books and Records.** Subject to Terra Tech and the Owner exercising their discretion and authority in accordance with this Agreement and whether or not specified in the SOPs, the Operator shall establish and maintain or cause to be established and maintained, such books of account, records and other documentation pertaining to the operation and maintenance of the Business and Property. Operator shall cause to be prepared and file all returns and other reports relating to the Business (other than income tax returns and any reports or returns which may be required of any foreign owner of United States real property) as may be required by any governmental authority or as otherwise may be required under this Agreement. Operator will endeavor to

hire competent professionals to provide the services enumerated herein, but cannot be responsible for errors made by such professionals in providing such services.

6.02 **Monthly Reports.** Whether or not specified in the SOPs, the Operator shall prepare and deliver, or caused to have prepared and delivered, to Terra Tech and the Owner a quarterly report setting forth detailed statements of collections, disbursements, delinquencies, balances of account, accounts payable and other matters relating to the management and operation of the Business. Such statements shall, upon Terra Tech's and Owner's request, be accompanied by appropriate documentation of all expenditures made by Operator under this Agreement.

6.03 **Year-End and Final Reports.** Whether or not specified in the SOPs and as soon as practicable after the end of each Operating Year and after the expiration or termination of this Agreement, Operator shall prepare and deliver to Terra Tech and the Owner statements pertaining to the operation and maintenance of the Business during the preceding Operating Year (or applicable portion thereof).

6.04 **Inspection and Audit of Records.** Whether or not specified in the SOPs, Terra Tech and the Owner shall have the right during reasonable business hours; and upon reasonable notice to inspect, audit, examine and make copies of or extracts from the books of account and records maintained by Operator pursuant to this Agreement. Such rights may be exercised through an employee of Terra Tech or qualified agent designated by Terra Tech, and Owner shall bear all expenses in connection with such examination.

6.05 **Accounting Matters.** Whether or not specified in the SOPs, the books of account will be maintained on an accrual basis, unless required otherwise by the tax laws applicable to the Business.

6.06 **Property of Operator.** The records, reports, books of account and other documents and materials relating to the management and procedures, vendor relationships, operation and maintenance of the Business shall be the property of Operator. Whether or not specified in the SOPs, during the term of this Agreement, as well as upon its termination, Terra Tech and Owner may make copies of all or portions thereof as Terra Tech shall deem pertinent to its reporting obligations under the Federal and relevant state securities laws, rules, and regulations, the operation of its other businesses or those of its other subsidiaries or affiliates and as Owner shall deem pertinent to Owner's future operation and ownership of the Business.

6.07 **Final Accounting.** Whether or not specified in the SOPs, and within ninety (90) days after the date of termination of this Agreement, Operator shall deliver to Terra Tech and the Owner a final accounting for all Business funds handled by Operator and shall pay to Owner the balance of all monies in the Property Account or in the possession of Operator.

ARTICLE VII OWNER'S DUTIES

7.01 **Plans, Specifications and Documents.** Owner shall make readily available to Operator copies of the plans and specifications of the Property

and a recent survey of the Property (if available) and shall provide Operator with such information and materials pertaining to the layout and construction of the Property, any elevators and lighting of the Property and the heating, air conditioning, ventilating, plumbing, electrical and other mechanical systems and equipment in or servicing the Property as Operator may reasonably request. Owner also shall provide Operator with copies of or convenient access to all agreements, leases, licenses, certificates, contracts, bills, notices and other documents pertaining to the Property.

**ARTICLE VIII
INSURANCE**

8.01 Procurement of Insurance.

(a) Operator shall procure and maintain during the term of this Agreement, comprehensive public liability insurance in amount specified by Terra Tech and the Owner and fidelity bonds in amount specified by Terra Tech and the Owner covering all personnel of Operator. If Terra Tech or the Owner fails to specify any coverages or limits, Operator shall procure such insurance coverages and limits in its reasonable discretion.

(b) Operator shall procure and maintain during the term of this Agreement all other forms of insurance as may be required by law or Terra Tech or the Owner; all with such companies, in such amounts and with such beneficial interests appearing therein as may be required.

(c) All policies of insurance required pursuant to Paragraph 8.01 of this Agreement shall be procured and maintained in the name of and at the sole expense of Owner. Owner may elect by notice in writing to Operator to procure and maintain insurance itself, and Operator shall have no obligation to procure and maintain the insurance which Owner has so elected to procure and maintain.

(d) Operator shall secure and maintain such other insurance policies as Terra Tech or the Owner may desire such as elevator liability, steam boiler insurance and the like.

(e) Operator shall be named as co-insured in all policies of insurance required pursuant to this Paragraph 8.01. All original certificates evidencing any insurance policy shall be delivered to Terra Tech.

8.02 **Investigation of Claims**. Operator shall investigate all accidents or claims for damage relating to the operation, management and maintenance of the Business and the Property, submit a written report of the results of such investigation to Terra Tech and the Owner, and cooperate with and make any reports required by any insurance company; provided, however, that such reports shall be submitted to and approved by Terra Tech and the Owner in writing prior to being submitted to any insurance company.

8.03 **Worker's Compensation Insurance**. Without in any way limiting the other provisions of Paragraph 8.01 regarding insurance, Operator shall procure on behalf of Owner worker's compensation insurance and all other insurance necessary to meet federal and state requirements in accordance

with the laws of the State of California and employer's liability insurance applicable to and covering all persons engaged in performance of the work to be performed to the best of our ability.

**ARTICLE IX
COMPENSATION – OPERATIONS AND ASSET MANAGEMENT FEE;
RIGHT OF FIRST REFUSAL**

9.01 **Amount and Payment.** Owner shall pay Operator an annual fee ("Fee") for its performance of the duties under this Agreement payable in monthly installments in arrears on the last day of each month as follows:

(i) A basic Fee for the twelve month period following the Effective Date in the amount of \$500,000 per annum. If the revenue projections are met (per attached forecast), the basic Fee will increase in the subsequent twelve month period to \$550,000, and to \$600,000 for the third twelve month period following the Effective Date (or merger), unless explicitly otherwise agreed between the Parties. Should this Agreement not be terminated as provided in Paragraphs 10.01 and 10.02, the basic Fee will be 3½% of Owner Operating Revenue (defined as gross revenue from normal business operations including IVXX sales) for each twelve month period commencing with the fourth twelve month period;

(ii) Any annual increase established by the formula contained in Paragraph 9.01(i) immediately above shall be in recognition of the additional level of services provided by Operator as a natural consequence of the increase in gross revenue occasioned by Operator's management and operation of the Business; and

(iii) If this Agreement is renewed pursuant to Paragraph 2.02, Operator's compensation for each year of services following exercise of the option shall be 3½% of Owner Operating Revenue (defined as gross revenue from normal business operations including IVXX sales), unless otherwise agreed to by the Parties.

9.02 **Additional Consideration for Cultivation Center**. In connection with the establishment and operation of a cultivation center (the "Cultivation Center") located on the Property, Owner shall pay to Operator a special fee payable in monthly installments in arrears on the last day of each month for these additional services as follows:

- 50% of the net profit for months 1-12 from the Effective Date (or merger)
- 50% of net profit for months 13-24
- 50% of net profit for months 25-36

"Net profit" is defined as gross revenue from the cultivation facility less associated overhead and operating expense.

9.03 **Right of First Refusal**. Terra Tech grants Operator a right of first refusal to operate any other dispensaries and/or cultivation centers acquired or opened by Terra Tech (including any Terra Tech subsidiaries) no matter where located upon terms similar to those contained in this Agreement, including duration, duties and responsibilities, and a fee to be negotiated based on a formula to be agreed upon by the Parties regarding each new operation.

9.04 **Reasonable Compensation**. Terra Tech, the Owner and Operator agree that Operator's compensation as provided in this **Article IX** is fair

and reasonable in consideration of the nature and volume of services to be provided by Operator under this Agreement and in light of the proprietary information and experience in the industry contributed to the providing of the services hereunder to be performed by the principals of Operator. To the extent that Terra Tech (or Owner) and Operator agree that any of the compensation provided to Operator hereunder violates any law or regulation regarding the operation of the Business, then Terra Tech (or Owner) and Operator will negotiate in good faith reasonable compensation for Operator's services utilizing the amounts of compensation agreed to hereunder as a benchmark.

If Terra Tech (or Owner) and Operator cannot agree upon the amount of compensation due to Operator hereunder, the Parties shall resolve the dispute by binding arbitration before JAMS as follows: Any Party to this Agreement may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with JAMS, with a copy to the other Party. Notwithstanding the amount in dispute, the arbitration will administered in accordance with the Streamlined Arbitration Rules and Procedures (the "**Rules**") in effect at the time of filing of the demand for arbitration, and conducted at a location determined by the arbitrator within Alameda or San Francisco County, California. The arbitrator shall be a retired judge with significant experience resolving disputes relating to commercial transactions. The Arbitrator's fees in connection with any such arbitration proceeding shall initially be shared equally between Terra Tech (or Owner) and Operator, subject to any reallocation in accordance with the Arbitrator's decision. The Arbitrator will also have the authority to award reimbursement of reasonable attorney's fees to the prevailing party as determined by the Arbitrator. In light of the Parties' desire to proceed informally, expeditiously and at minimal expense, the Parties agree to waive all discovery and any oral hearing and to submit all disputes to the Arbitrator based solely upon written submissions. The Arbitrator shall apply the substantive and procedural laws of the State of California, without regard to the conflicts of law principles of such State. The Arbitrator's decision and award shall be rendered in writing with counterpart copies to both Parties. Judgment upon an arbitration award may be entered in any court having competent jurisdiction thereof, and shall be binding, final and non-appealable. In the event of any conflict between this Section 9.04 and the Rules, this Section 9.04 shall govern and control.

ARTICLE X
DEFAULT - TERMINATION.

10.01 **Optional Termination.** Terra Tech or Owner may immediately terminate this Agreement at any time if the Operator shall materially default in the performance of any of its obligations under this Agreement. In such event, Terra Tech or Owner, as relevant, shall provide Operator with written notice thereof setting forth the nature of the default, and the Operator shall have (i) zero (0) days to cure a default based upon fraud, (ii) fifteen (15) days to cure a monetary default or (iii) thirty (30) days to cure a non-monetary default; provided, however, that, if the nature of the alleged non-monetary default is such that it cannot reasonably be cured within thirty (30) days, Operator may cure such default by commencing in good faith to cure such default promptly after its receipt of such written notice and prosecuting the cure of such default to completion with diligence and continuity within a reasonable time thereafter. If Operator disputes any determination by Terra Tech or Owner, as relevant, that a material default has occurred or not been timely cured, the Parties shall submit the dispute to arbitration in accordance with the provisions contained in Paragraph 9.04. During such proceedings Owner shall accrue compensation to Operator as otherwise required hereunder.

10.02 **Automatic Termination.** This Agreement shall terminate automatically if either (i) Owner Operating Revenue drops 20% from one year to the next after three (3) years from the Effective Date (or merger, if later in time), or (ii) Owner ceases operations at the Property for any reason and does not relocate to another location within the city limits of Oakland, California within five (5) years of cessation.

10.03 **Survival of Obligations.** Upon the expiration or valid termination of this Agreement, (i) Terra Tech's and Owner's appointment of Operator hereunder shall cease and terminate and, except as otherwise specifically provided hereunder, Terra Tech and Owner and Operator shall have no further obligation or liability to the other regarding operations at the Property; (ii) Operator shall no longer have any authority to represent Terra Tech or

Owner or take or cause to be taken any actions on Terra Tech's or Owner's behalf regarding operations at the Property; and (iii) Owner shall pay Operator all fees which shall have accrued through the date of termination, plus a termination fee in the amount of **Four Hundred Fifty Thousand Dollars (\$450,000.00)** if this Agreement is terminated during the first three years of the initial Term of this Agreement for any reason other than Operator's default; provided, however, that such termination fee shall be prorated during such period. For example, if this Agreement is terminated for any reason other than Operator's default as of the first anniversary of the Effective Date, the termination fee would be Three Hundred Thousand Dollars (\$300,000.00) and if such termination is at the end of eighteen (18) months after the Effective Date, the termination fee would be Two Hundred Twenty-five Thousand Dollars (\$225,000.00).

10.04 **Return of Owner's Property.** Immediately after the expiration or termination of this Agreement, Operator shall deliver to Owner (i) the balance of any funds then held by Operator on Owner's Business Account pursuant to this Agreement; and (ii) all books, records, leases, agreements and other documents which are necessary or materially pertinent to the management and operation of the Business or to the Property.

**ARTICLE XI
INDEMNIFICATION**

11.01 **Scope.** Each Party shall indemnify and hold harmless the other Party, its principals, officers, directors, shareholders, partners, employees and agents (individually and collectively, the "Indemnitees") from and against all liabilities, claims, suits, damages, judgments, costs and expenses of whatever nature, including reasonable counsel fees and disbursements, to which the Indemnitees may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss (economic or otherwise) or use of any property or otherwise in connection with the performance of such other Party's obligations under this Agreement.

11.02 **Conditions.** The Parties' respective obligations to indemnify, hold harmless and reimburse the Indemnitees above under Paragraph 11.01 are subject to the following conditions:

(a) the Indemnitees shall promptly notify the prospectively indemnifying Party of any matter with respect to which such Party is required to indemnify, hold harmless or reimburse the Indemnitees; and

(b) the Indemnitees shall not take any actions, including an admission of liability, which would bar the prospectively indemnifying Party from enforcing any applicable coverage under policies of insurance held by such Party or would prejudice any defense of such prospectively indemnifying Party in any appropriate legal proceedings that pertain to any such matter or otherwise prevent such prospectively indemnifying Party from defending itself with respect to any such matter.

11.03 **Excluded Matters.** Notwithstanding the foregoing, no Party shall be required to indemnify, hold harmless or reimburse the Indemnitees with respect to any matter to the extent the same resulted from the gross negligence or willful malfeasance of the Indemnitees.

11.04 **Survival.** The provisions of this **Article XI** shall survive the expiration or any termination of this Agreement.

ARTICLE XII MISCELLANEOUS

12.01 **Independent Contractor Status.** Operator is and shall at all times remain an independent contractor of Terra Tech and the Owner and under no circumstance shall Operator be deemed to be the employee of Terra Tech or the Owner.

12.02 **Suits and Claims.** Operator shall notify Terra Tech and the Owner and its or their insurance carrier in writing as soon as possible after receipt of notice of (i) any injury occurring on the Property or the Business; (ii) any claim against Terra Tech, the Owner and/or Operator; and (iii) any claim which involves said Property. Operator shall take no steps (such as the admission of liability) which would operate to bar Terra Tech or the Owner from obtaining any protection afforded by any policies of insurance it may hold, or which would operate to bar Terra Tech or the Owner from obtaining any protection afforded by any policies of insurance either may hold, or which would operate to prejudice the defense in any legal proceeding involving Terra Tech, the Owner or said Property, or which would otherwise prevent Terra Tech or the Owner from protecting itself against any such claims, demand, or legal proceeding. Operator shall fully cooperate with Terra Tech and the Owner in the defense of any such claim, demand, or proceeding.

12.03 **Purchase or Sale of the Property**. Terra Tech shall inform Operator of its intention to either purchase, or if purchased, then to sell the Property and furnish the terms and conditions of such purchase or sale to Operator. In either such case, Terra Tech agrees to notify Operator in writing of the date of closing, the progress of the closing process, and what measures and steps Terra Tech wishes Operator to take in preparation for such closing.

12.04 **Third-party Beneficiary Rights**. This Agreement is made solely for the benefit of Operator and Terra Tech and the Owner. No other third party is intended to or shall have any third-party beneficiary rights under this Agreement against the Operator or Terra Tech or the Owner.

12.05 **No Interest in Business Account or Other Owner's Funds**. All funds and revenues relating to the Business, including but not limited to the Business Account, shall solely be those of Owner, but Operator shall have an interest or lien against any such monies to secure payment of its compensation hereunder.

12.06 **No Recordation**. Except as required by local, state, or federal law or regulation, neither this Agreement nor any memorandum thereof shall be recorded by any Party at any time.

12.07 **Timely Performance**. Terra Tech, the Owner and Operator shall each perform all of their respective obligations under this Agreement in a proper, prompt and timely manner. Each shall furnish the other with such information and assistance as the other may from time to time reasonably request in order to perform its responsibilities hereunder. Terra Tech, the Owner and Operator each shall take such actions as the other may from time to time reasonably request and otherwise cooperate with the other so as to avoid or minimize any delay or impairment of any Party's performance of its obligations under this Agreement.

12.08 Notices.

(a) **General.** Any and all notices required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such Party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time of transmission by facsimile, e-mail or other electronic means, addressed to another Party at its facsimile number or e-mail address specified herein (or hereafter modified by subsequent notice to the Parties hereto), with confirmation of receipt made by printed confirmation sheet verifying successful transmission of the facsimile or e-mail; (iii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States; or (iv) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries, as follows:

If to Operator, to:

Platinum Standard, LLC
847 Howard St.
San Francisco, CA 94103
Attention: Miguel Rodriguez
E-Mail: miguel@blumoak.com

with a copy to:

(which shall not constitute notice)
Louis N. Haas, Esq.
Haas & Najarian, LLP
58 Maiden Lane, 2nd Fl.
San Francisco, CA 94108
E-Mail: lhaas@hnattorneys.com

If to Terra Tech or to Owner, to

Terra Tech Corp.
4700 Von Karman, Suite 110
Newport Beach, CA 92660
Attention: Michael Nahass
E-Mail: mike@terratechcorp.com

with a copy to:

(which shall not constitute notice)
Randolf W. Katz, Esq.
Baker & Hostetler LLP
600 Anton Boulevard, Suite 900
Costa Mesa, CA 92626-7221
Email: rwkatz@bakerlaw.com

Any notices delivered by a Party in any manner other than those described above shall be deemed properly given when received. Any Party may change its address for the giving of notices under this Agreement by delivering to the other Parties ten (10) days prior written notice of such change of address.

(b) **Emergency Notices.** Any Party may give the other notice of emergency situations orally (personally, by telephone or otherwise), provided that the Party giving any emergency notice as provided above in this Paragraph shall confirm the same by written notice in accordance with Paragraph 12.09(a) above.

12.9 **Affiliates.** Operator may retain or use any person or entity who is an affiliate of Operator provided that such retention is on terms which are arm's-length and no worse than those which would be obtainable from unrelated third parties. The term "affiliate" as used in this Paragraph shall mean and refer to any entity in which the Operator, or any shareholder, partner officer or director of Operator has a financial interest, or any person who is related by blood or marriage to Operator or any shareholder, partner, officer or director of Operator.

12.10 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of California, without giving effect to that body of laws pertaining to conflict of laws.

12.11 **Entire Agreement.** This Agreement and the documents referred to herein constitute the entire agreement and understanding of the Parties with respect to the subject matter of this Agreement, and supersede all prior understandings and agreements, whether oral or written, between or among the Parties hereto with respect to the specific subject matter hereof.

12.12 **Amendments.** This Agreement may not be amended or modified except in writing executed by each of the Parties.

12.13 **Successors.** This Agreement shall be binding on and shall inure to the benefit of the permitted successors and assigns of the Parties hereto.

12.14 **Severability.** If any provision of this Agreement or application to any Party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or application of such provision to any Party or circumstance, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

12.15 **Counterparts.** The Parties agree that this Agreement may be executed in one or more counterparts, including facsimile signatures, each of which shall, for all purposes, be deemed an original and all of such counterparts, which when taken together shall constitute one and the same Agreement.

12.16 **Headings.** The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

12.17 **Gender.** Any references in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

12.18 **Force Majeure.** No Party shall be liable for any acts or omissions resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence or any governmental action; provided, however, that this provision shall (i) apply to excuse any drop in Owner Operating Revenue, but (ii) not apply to excuse any late or non-payment by the Owner under any circumstances.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed by their duly authorized officers as of the Effective Date.

Terra Tech:

Terra Tech Corp.,
a Nevada corporation

By: /s/ Michael Nahass
Name: Michael Nahass
Title: Director and Authorized Representative

Operator:

Platinum Standard, LLC,
a California limited liability company

/s/ Miguel Rodriguez
Miguel Rodriguez
Authorized Manager

Owner:

Black Oak Gallery,
a California corporation

By: /s/ Derek Peterson
Name: Derek Peterson
Title: Authorized Representative

THIS NOTE HAS NOT (AND ANY SHARES OF STOCK ISSUABLE UPON THE TRIGGERING OF AN EVENT OF DEFAULT MAY NOT HAVE) BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. NEITHER THIS NOTE NOR ANY SHARES OF STOCK ISSUABLE UPON THE TRIGGERING OF AN EVENT OF DEFAULT MAY BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THIS NOTE OR SHARES OF STOCK ISSUABLE UPON DEFAULT UNDER THIS NOTE UNDER SUCH ACT UNLESS SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO A VALID EXEMPTION THEREFROM UNDER THE ACT.

Terra Tech Corp.

Form of Demand Promissory Note

Face Amount: \$750,000.00

March 31, 2016
New York, NY

FOR VALUE RECEIVED, the undersigned Terra Tech Corp., (the "Borrower"), promises to pay to the order of Dominion Capital LLC, its successors or assigns (the "Lender"), SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000) (the "Face Amount") by the earlier of June 30, 2016 (the "Maturity Date") or on demand ("Demand") in accordance with the terms hereof, together with interest, as provided herein. As provided herein, payment may be made in either cash or common stock of the Borrower, at the option of the Lender. In addition, the Lender may, at its option, convert this Note into a subsequent securities offering that is undertaken by the Borrower as provided herein.

Interest at the simple rate of one percent (1.00%) per month, calculated on the basis of a 360-day year of twelve 30-day months, until the Maturity Date or Demand is made, and any other amounts due hereunder are payable in lawful money of the United States of America to the Lender. Interest may be paid in cash at the Maturity Date, which includes the maturity on Demand at the option of the Lender, which election shall be communicated by the Lender in writing.

Section 1. Maturity. The Face Amount, along with the interest accrued thereon, shall be repaid in cash at the Maturity Date, unless Demand is otherwise made prior to such Maturity Date. This Note may be prepaid in whole or in part at any time and from time-to-time upon three (3) prior business days' written notice, without penalty.

Section 2. Repayment; Conversion into Subsequent Offering.

(a) Upon the delivery by either party of at least three (3) prior business days' written notice, Borrower shall repay, in cash, one hundred percent (100%) of the aggregate principal balance and interest due on this Note outstanding as of the date of repayment. Such repayment shall satisfy Borrower's obligations pursuant to this Note in full and this Note shall be of no further force and effect.

(b) This Note and all accrued but unpaid interest thereon may be converted into the next equity or debt securities offering of the Borrower on a dollar-for-dollar basis on such subscription terms and conditions as provided for in such subsequent offering.

Section 3. Transferability. This Note and any of the rights granted hereunder are freely transferable or assigned by Lender, in whole or in part, in its sole discretion; provided, there is notice to the Borrower.

Section 4. Event of Default.

(a) In the event that any one of the following events shall occur (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body), it shall be deemed an Event of Default:

(i) Any default in the payment of the principal of, interest on or other charges in respect of this Note, or any other note issued by the Borrower for the benefit of the Lender, as and when the same shall become due and payable;

(ii) Borrower shall fail to observe or perform any other material covenant, agreement or warranty contained in, or otherwise commit any breach or default of any provision of this Note or any other agreement between the Borrower and the Lender;

(iii) There shall be a breach of any of the representations and warranties set forth in this Note or any transaction document executed contemporaneously herewith; or

(iv) Borrower, shall commence, or there shall be commenced against Borrower any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower or there is commenced against Borrower any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of sixty (60) days; or Borrower is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Borrower suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of sixty (60) days; or Borrower makes a general assignment for the benefit of creditors; or Borrower shall fail to pay or shall state that it is unable to pay or shall be liable to pay, its debts as they become due or by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Borrower for the purpose of effecting any of the foregoing.

(b) Upon the occurrence of an Event of Default, the Lender shall give the Borrower notice of such occurrence, at which time the Borrower shall have five (5) business days from receipt of such notice to pay the outstanding amount of the Note, with any unpaid interest thereof, in full. In the event that full payment is not made upon the expiry of the five (5) day period, a default penalty equal to two percent (2%) of the Face Amount per month during the period of Default (the "Default Penalty"). Lender may then, at its sole discretion declare the entire then outstanding Face Amount of this Note together with any unpaid interest and the Default Penalty immediately due and payable (a "Default Declaration"), in which event the Lender may, at its sole discretion take any action it deems necessary to recover amounts due under this Note.

(c) Upon the occurrence of an Event of Default, the Lender shall be entitled to receive, in addition to the Face Amount of the Note, interest thereon and the Default Penalty, the Lender shall be entitled to recover all of its costs, fees (including without limitation, reasonable attorney's fees and disbursements), and expenses relating collection and enforcement Note, including all costs and expenses incurred by it in enforcing its rights under the Note and any transaction document entered into contemporaneously herewith.

(d) The failure of Lender to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or of any other right in that or any subsequent instance with respect to Lender or any subsequent holder. Lender need not provide and Borrower hereby waives any presentment, demand, protest or other notice of any kind, and Lender may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. The remedies available to the Lender upon the occurrence of an Event of Default shall be cumulative.

Section 5. Notices. Any and all notices, service of process or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Note shall be deemed to have been duly given or made for all purposes when hand delivered or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or courier as follows:

If to Lender, at:

Dominion Capital LLC
341 W. 38th Street – 8th Floor
New York, New York 10018
Attn: Mikhail Gurevich
Or such other address as may be given to the Borrower from time to time

If to Borrower, at:

Terra Tech Corp.
18101 Von Karman, Third Floor
Irvine, California 92612
Attn: Derek A. Peterson
Or such other address as may be given to the Lender from time to time

Section 6. Usury. This Note is hereby expressly limited so that in no event whatsoever, whether by reason of acceleration of maturity of the loan evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Lender hereunder for the loan, use, forbearance or detention of money exceed that permissible under applicable law. If at any time the performance of any provision of this Note or of any other agreement or instrument entered into in connection with this Note involves a payment exceeding the limit of the interest that may be validly charged for the loan, use, forbearance or detention of money under applicable law, then automatically and retroactively, ipso facto, the obligation to be performed shall be reduced to such limit, it being the specific intent of the Borrower and the Lender that all payments under this Note are to be credited first to interest as permitted by law, but not in excess of (i) the agreed rate of interest set forth herein or therein or (ii) that permitted by law, whichever is the lesser, and the balance toward the reduction of principal. The provision of this Section 6 shall never be superseded or waived and shall control every other provision of this Note and all other agreements and instruments between the Borrower and the Lender entered into in connection with this Note To the extent permitted by applicable law, Borrower waives any right to assert the defense of usury.

Section 7. Governing Law; Waiver of Jury Trial. This Note and the provisions hereof are to be construed according to and are governed by the laws of the State of New York, without regard to principles of conflicts of laws thereof. Borrower agrees that the New York State Supreme Court located in the County of New York, State of New York shall have exclusive jurisdiction in connection with any dispute concerning or arising out of this Note or otherwise relating to the parties relationship. In any action, lawsuit or proceeding brought to enforce or interpret the provisions of this Note and/or arising out of or relating to any dispute between the parties, Lender shall be entitled to recover all of its costs and expenses relating collection and enforcement of this Note (including without limitation, reasonable attorney's fees and disbursements) in addition to any other relief to which Lender may be entitled and a

BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATING TO THIS NOTE.

Section 8. Successors and Assigns. Subject to applicable securities laws, this Note and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of Borrower and the successors and assigns of Lender.

Section 9. Amendment. This Note may be modified or amended or the provisions hereof waived only with the written consent of Lender and Borrower.

Section 10. Severability. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Note.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Borrower has caused this Demand Promissory Note to be duly authorized officer and/or such individual borrower as of the date first above indicated.

Terra Tech Corp.

By: _____
Name:
Title:

THIS NOTE HAS NOT (AND ANY SHARES OF STOCK ISSUABLE UPON THE TRIGGERING OF AN EVENT OF DEFAULT MAY NOT HAVE) BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. NEITHER THIS NOTE NOR ANY SHARES OF STOCK ISSUABLE UPON THE TRIGGERING OF AN EVENT OF DEFAULT MAY BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THIS NOTE OR SHARES OF STOCK ISSUABLE UPON DEFAULT UNDER THIS NOTE UNDER SUCH ACT UNLESS SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO A VALID EXEMPTION THEREFROM UNDER THE ACT.

Terra Tech Corp.

Form of Demand Promissory Note

Face Amount: \$500,000.00

April 29, 2016
New York, NY

FOR VALUE RECEIVED, the undersigned Terra Tech Corp., (the "Borrower"), promises to pay to the order of Dominion Capital LLC, its successors or assigns (the "Lender"), FIVE HUNDRED THOUSAND DOLLARS (\$500,000) (the "Face Amount") by the earlier of July 31, 2016 (the "Maturity Date") or on demand ("Demand") in accordance with the terms hereof, together with interest, as provided herein. As provided herein, payment may be made in either cash or common stock of the Borrower, at the option of the Lender. In addition, the Lender may, at its option, convert this Note into a subsequent securities offering that is undertaken by the Borrower as provided herein.

Interest at the simple rate of one percent (1.00%) per month, calculated on the basis of a 360-day year of twelve 30-day months, until the Maturity Date or Demand is made, and any other amounts due hereunder are payable in lawful money of the United States of America to the Lender. Interest may be paid in cash at the Maturity Date, which includes the maturity on Demand at the option of the Lender, which election shall be communicated by the Lender in writing.

Section 1. Maturity. The Face Amount, along with the interest accrued thereon, shall be repaid in cash at the Maturity Date, unless Demand is otherwise made prior to such Maturity Date. This Note may be prepaid in whole or in part at any time and from time-to-time upon three (3) prior business days' written notice, without penalty.

Section 2. Repayment; Conversion into Subsequent Offering.

(a) Upon the delivery by either party of at least three (3) prior business days' written notice, Borrower shall repay, in cash, one hundred percent (100%) of the aggregate principal balance and interest due on this Note outstanding as of the date of repayment. Such repayment shall satisfy Borrower's obligations pursuant to this Note in full and this Note shall be of no further force and effect.

(b) This Note and all accrued but unpaid interest thereon may be converted into the next equity or debt securities offering of the Borrower on a dollar-for-dollar basis on such subscription terms and conditions as provided for in such subsequent offering.

Section 3. Transferability. This Note and any of the rights granted hereunder are freely transferable or assigned by Lender, in whole or in part, in its sole discretion; provided, there is notice to the Borrower.

Section 4. Event of Default.

(a) In the event that any one of the following events shall occur (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body), it shall be deemed an Event of Default:

(i) Any default in the payment of the principal of, interest on or other charges in respect of this Note, or any other note issued by the Borrower for the benefit of the Lender, as and when the same shall become due and payable;

(ii) Borrower shall fail to observe or perform any other material covenant, agreement or warranty contained in, or otherwise commit any breach or default of any provision of this Note or any other agreement between the Borrower and the Lender;

(iii) There shall be a breach of any of the representations and warranties set forth in this Note or any transaction document executed contemporaneously herewith; or

(iv) Borrower, shall commence, or there shall be commenced against Borrower any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower or there is commenced against Borrower any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of sixty (60) days; or Borrower is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Borrower suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of sixty (60) days; or Borrower makes a general assignment for the benefit of creditors; or Borrower shall fail to pay or shall state that it is unable to pay or shall be liable to pay, its debts as they become due or by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Borrower for the purpose of effecting any of the foregoing.

(b) Upon the occurrence of an Event of Default, the Lender shall give the Borrower notice of such occurrence, at which time the Borrower shall have five (5) business days from receipt of such notice to pay the outstanding amount of the Note, with any unpaid interest thereof, in full. In the event that full payment is not made upon the expiry of the five (5) day period, a default penalty equal to two percent (2%) of the Face Amount per month during the period of Default (the "Default Penalty"). Lender may then, at its sole discretion declare the entire then outstanding Face Amount of this Note together with any unpaid interest and the Default Penalty immediately due and payable (a "Default Declaration"), in which event the Lender may, at its sole discretion take any action it deems necessary to recover amounts due under this Note.

(c) Upon the occurrence of an Event of Default, the Lender shall be entitled to receive, in addition to the Face Amount of the Note, interest thereon and the Default Penalty, the Lender shall be entitled to recover all of its costs, fees (including without limitation, reasonable attorney's fees and disbursements), and expenses relating collection and enforcement Note, including all costs and expenses incurred by it in enforcing its rights under the Note and any transaction document entered into contemporaneously herewith.

(d) The failure of Lender to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or of any other right in that or any subsequent instance with respect to Lender or any subsequent holder. Lender need not provide and Borrower hereby waives any presentment, demand, protest or other notice of any kind, and Lender may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. The remedies available to the Lender upon the occurrence of an Event of Default shall be cumulative.

Section 5. Notices. Any and all notices, service of process or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Note shall be deemed to have been duly given or made for all purposes when hand delivered or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or courier as follows:

If to Lender, at:

Dominion Capital LLC
341 W. 38th Street – 8th Floor
New York, New York 10018 Attn: Mikhail Gurevich
Or such other address as may be given to the Borrower from time to time

If to Borrower, at: Terra Tech Corp.

18101 Von Karman, Third Floor Irvine, California 92612
Attn: Derek A. Peterson
Or such other address as may be given to the Lender from time to time

Section 6. Usury. This Note is hereby expressly limited so that in no event whatsoever, whether by reason of acceleration of maturity of the loan evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Lender hereunder for the loan, use, forbearance or detention of money exceed that permissible under applicable law. If at any time the performance of any provision of this Note or of any other agreement or instrument entered into in connection with this Note involves a payment exceeding the limit of the interest that may be validly charged for the loan, use, forbearance or detention of money under applicable law, then automatically and retroactively, ipso facto, the obligation to be performed shall be reduced to such limit, it being the specific intent of the Borrower and the Lender that all payments under this Note are to be credited first to interest as permitted by law, but not in excess of (i) the agreed rate of interest set forth herein or therein or(ii) that permitted by law, whichever is the lesser, and the balance toward the reduction of principal. The provision of this Section 6 shall never be superseded or waived and shall control every other provision of this Note and all other agreements and instruments between the Borrower and the Lender entered into in connection with this Note. To the extent permitted by applicable law, Borrower waives any right to assert the defense of usury.

Section 7. Governing Law; Waiver of Jury Trial. This Note and the provisions hereof are to be construed according to and are governed by the laws of the State of New York, without regard to principles of conflicts of laws thereof. Borrower agrees that the New York State Supreme Court located in the County of New York, State of New York shall have exclusive jurisdiction in connection with any dispute concerning or arising out of this Note or otherwise relating to the parties relationship. In any action, lawsuit or proceeding brought to enforce or interpret the provisions of this Note and/or arising out of or relating to any dispute between the parties, Lender shall be entitled to recover all of its costs and expenses relating collection and enforcement of this Note (including without limitation, reasonable attorney's fees and disbursements) in addition to any other relief to which Lender may be entitled and all costs of collection, including any legal fees associated with this Note will be paid by the Borrower. Each party agrees that any process or notice to be served or delivered in connection with any action, lawsuit or proceeding brought hereunder may be accomplished in accordance with the notice provisions set forth above or as otherwise provided by applicable law.

BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATING TO THIS NOTE.

Section 8. Successors and Assigns. Subject to applicable securities laws, this Note and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of Borrower and the successors and assigns of Lender.

Section 9. Amendment. This Note may be modified or amended or the provisions hereof waived only with the written consent of Lender and Borrower.

Section 10. Severability. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Note.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Borrower has caused this Demand Promissory Note to be duly authorized officer and/or such individual borrower as of the date first above indicated.

Terra Tech Corp.

By: _____
Name:
Title:

**Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Derek Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Terra Tech Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 12, 2016

By: /s/ Derek Peterson

Derek Peterson
President and Chief Executive Officer

**Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Michael C. James, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Terra Tech Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d – 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 12, 2016

By: /s/ Michael C. James

Michael C. James
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Terra Tech Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2016 (the "Form 10-Q"), I, Derek Peterson, Chief Executive Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 12, 2016

By: /s/ Derek Peterson
Derek Peterson
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Terra Tech Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2016 (the "Form 10-Q"), I, Michael C. James, Chief Financial Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 12, 2016

By: /s/ Michael C. James

Michael C. James
Chief Financial Officer