

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

FORM 10-K

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

For the fiscal year ended December 31, 2013
or

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

For the transition period from _____ to _____

Commission file number 000-54652

MARATHON PATENT GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of Incorporation or organization)

01-0949984

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

2331 Mill Road, Suite 100, Alexandria, VA

(Address of principal executive offices)

22314

(Zip Code)

Registrant's telephone number, including area code (703) 232-1701

Securities registered under Section 12(g) of the Exchange Act:
Common Stock \$0.0001 par value per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

As of June 30, 2013, the aggregate market value of voting stock held by non-affiliates of the registrant, based on the closing sales price of Common Stock on June 28, 2013, was approximately \$18 million. As of March 28, 2014, the registrant had 5,489,593 shares of Common Stock outstanding.



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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K and other written and oral statements made from time to time by us may contain so-called “forward-looking statements,” all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “forecasts,” “projects,” “intends,” “estimates,” and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this Annual Report on Form 10-K is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

As used in this annual report, the terms “we”, “us”, “our”, the “Company”, “Marathon Patent Group, Inc.” and “MARA” mean Marathon Patent Group, Inc. and its subsidiaries, unless otherwise indicated.

ITEM 1. BUSINESS

Our business is to acquire patents and patent rights and to monetize the value of those assets to generate revenue and profit for the Company. We acquire patents and patent rights from their owners, who range from individual inventors to Fortune 500 companies. Part of our acquisition strategy is to acquire patents and patent rights that cover a wide-range of subject matter, which allows us to achieve the benefits of a growing diversified portfolio of assets. Generally, the assets we acquire are characterized by having large identifiable companies who are or have been using technology that infringes our patent rights. We generally monetize our portfolio of assets by initiating enforcement activities against any infringing parties with the objective of entering into a standard form of comprehensive settlement and license agreement that may include the granting of non-exclusive retroactive and future rights to use the patented technology, a covenant not to sue, a release of the party from certain claims, the dismissal of any pending litigation and other terms that are appropriate in the circumstances. Our strategy has been developed with the expectation that it will result in a long-term, diversified revenue stream for the Company.

As of December 31, 2013, we owned a patent portfolio consisting of 118 U.S. and foreign patents and 5 patent applications. During the second quarter of 2013, we began generating revenue from our patent portfolio.

We were incorporated in the State of Nevada on February 23, 2010 under the name “Verve Ventures, Inc.” On December 7, 2011, we changed our name to “American Strategic Minerals Corporation” and were primarily engaged in exploration and potential development of uranium and vanadium minerals business. During June 2012, we decided to discontinue our uranium and vanadium minerals business and engaged in the business of acquiring, renovating, and selling real estate properties located within the areas of Southern California. On November 14, 2012, we acquired all the intellectual property rights of Sampo. On November 14, 2012, we decided to discontinue our real estate business. Our principal office is located at 2331 Mill Road, Suite 100, Alexandria, VA 22314. Our telephone number is (703) 232-1701. We also have an office at 11100 Santa Monica Blvd., Suite 380, Los Angeles, CA 90025.

Industry Overview and Market Opportunity

Under U.S. law, an inventor or patent owner has the right to exclude others from making, selling or using their patented invention. Unfortunately, in the majority of cases, infringers are generally unwilling, at least initially, to negotiate or pay reasonable royalties for their unauthorized use of third-party patents and will typically fight any allegations of patent infringement. Inventors and/or patent holders, without sufficient legal, financial and/or expert technical resources to bring and continue the pursuit of legal action, may lack credibility in dealing with potential licensees and as a result, are often ignored. As a result of the common reluctance of patent infringers to negotiate and ultimately take a patent license for the use of third-party patented technologies, patent licensing and enforcement often begins with the filing of patent enforcement litigation. However, the majority of patent infringement contentions settle out of court based on the strength of the patent claims, validity, and persuasive evidence and clarity that the patent is being infringed.

Due to the relative infancy of the IP monetization industry, we believe that the absolute size of our market opportunity is very significant but difficult to quantify.

Business Model and Strategy – Overview

Our business model encompasses two main elements: (1) the identification, analysis and acquisition of patents and patent rights; and (2) the generation of revenue from the acquired patents or patent rights.

Typically, we compensate the patent seller through a cash fee paid upon the acquisition of the patents or patent rights as well as the assignment of the patents or patent rights to us or one of our operating subsidiaries. Additionally, a patent seller may also seek to receive compensation through participation in the monetization revenue generated by us from the patents or patent rights. The patent seller may also receive compensation through a combination of both cash and revenue participation.

Key Factors of Our Business Model

Diversification within the Asset Class

As of December 31, 2013, we owned 118 U.S. and foreign patents and 5 patent applications. We intend to add more patents and patent applications for the purpose of generating licensing revenues. By owning multiple patent assets, we will continue to be diversified in both the types of patents that we own as well as the frequency and size of the monetization revenue generated. This diversification prevents us from having to rely on a single patent, or patent family to generate all of our revenue. Additionally, by commencing multiple settlement and licensing campaigns with our different patent assets, we intend to generate frequent revenue events through the execution of multiple settlement and licensing agreements. Our diversification of patent assets and revenue generation allows us to avoid the binary risk that can be associated with owning a single patent asset that typically generates a single stream of licensing revenue.

Supply of Patent Acquisition Opportunities

We have worked to establish a supply of patent acquisition opportunities with patent brokers and dealers, with individual inventors and patent owners, as well as with large corporations who own patent portfolios. Service providers, such as patent prosecution and litigation attorneys and patent licensing professionals have also become key suppliers of patent opportunities. An example of a key supplier of patent opportunities is IP Navigation Group LLC (“IP Nav”). We have received a significant amount of our patent acquisition opportunities from our relationship with IP Nav. We intend to continue to add to our patent acquisition opportunities by increasing the number of third parties that we work with when reviewing potential patent acquisition opportunities. Additionally, we intend to seek opportunities to acquire patents from companies and patent owners that are in industry sectors that we have not acquired patents from in the past.

Patent Portfolio Evaluation

We follow a disciplined due diligence approach when analyzing potential patent acquisitions. Each opportunity to acquire a patent portfolio can vary based on the amount and type of patent assets, the complexity of the underlying inventions, and the analysis of the industries in which the invention is being used.

Subtleties in the language of a patent's recorded interactions with the patent office and the evaluation of prior art and literature can make significant differences in the potential monetization revenue derived from a patent or patent portfolio. Our specialists are trained and skilled in these areas. It is important to identify potential problem areas, if any, and determine whether potential problem areas can be overcome, prior to acquiring a patent portfolio or launching an effective monetization program. We have developed processes and procedures for identifying problem areas and evaluating the strength of a patent portfolio before the decision is made to allocate resources to an acquisition or to launch an effective monetization effort.

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We seek to use third-party experts in addition to our internal management team in the evaluation and due diligence of the patent assets. The combination of our management team and third-party patent attorneys, intellectual property licensing experts, and technology engineers allow us to conduct our tailored patent acquisition and evaluation processes and procedures. We may also leverage the expertise of external specialists and technology consultants. We evaluate both the types and strength of the claims of the patent as well as the file history of the patent.

Finally, prior to making a final decision to acquire a patent asset, we identify and consider potential problem areas, if any, and determine whether any potential problem areas can be overcome prior to acquiring a patent portfolio or launching an effective monetization program. Additionally, we identify potential infringers; industries within which the potential infringers exist; longevity of the patented technology; and a variety of other factors that directly impact the magnitude and potential success of a licensing and enforcement program.

Commencement of Monetization Campaign

If we complete the due diligence and have determined that the patent acquisition opportunity is worth pursuing, we may enter into final negotiations to acquire the patent assets. The owner of the patent will typically receive an upfront acquisition payment or a portion of the revenue generated from a patent portfolio's monetization campaign or a combination of the two. Typically, we control the monetization process and use experienced patent litigation professionals on a contingency basis to reduce the potentially high costs associated with patent litigation.

Our due diligence process may also identify potential infringers who are using the acquired patent assets in an unauthorized manner. We generate, or have had others generate on our behalf, presentations that identify the potentially infringing technologies. Furthermore, we present an analysis of the claims of our patents and demonstrate how they apply to companies we believe are using our technologies in their products or services in an unauthorized manner. These presentations can take place in a non-adversarial business setting but can also occur through the litigation process, if necessary.

Our Products and Services

We acquire patents and patent rights from patent holders and work to maximize the value of those patents holdings by conducting and managing monetization campaigns. Some patent holders tend to have limited internal resources and/or expertise to effectively address the unauthorized use of their patented technologies or they simply make the strategic business decision to outsource their intellectual property licensing. Generally, we, or an operating subsidiary, acquires patents or patent rights in exchange for an upfront cash payment or for a percentage of our operating subsidiary's gross recoveries from the monetization campaigns involving the acquired patents or a combination of the two.

Competition

We expect to encounter significant competition from others seeking to acquire interests in intellectual property assets and monetize such assets. This includes an increase in the number of competitors seeking to acquire the same or similar patents and technologies that we may seek to acquire. Most of our competitors have much longer operating histories, and significantly greater financial and human resources than we do. Entities such as Vringo, Inc. (NYSE MKT: VRNG), VirnetX Holding Corp (NYSE MKT: VHC), Acacia Research Corporation (NASDAQ: ACTG), RPX Corporation (NASDAQ: RPXC), and others presently market themselves as being in the business of creating, acquiring, licensing or leveraging the value of intellectual property assets. We expect others to enter the market as the true value of patents and other intellectual property is increasingly recognized and validated. In addition, competitors may seek to acquire the same or similar patents and technologies that we may seek to acquire, making it more difficult and expensive for us to acquire, to monetize and to generate value from those assets.

We also compete with venture capital firms, strategic corporate buyers and various industry leaders for patents and patent rights acquisitions and enforcement opportunities. Most of these competitors have substantially greater financial and human resources than we do. As the market matures, we may find more companies entering the market to pursue similar opportunities, which may reduce our market share in one or more technology industries that we currently rely upon to generate future revenue.

Intellectual Property and Patent Rights

Our intellectual property is primarily comprised of issued patents and pending patents, other patent rights, trade secrets, patented know-how, copyrights and technological innovation.

The Company's patent portfolio includes 118 issued U.S. and foreign patents, and 5 patent applications. The portfolio covers a wide range of industries and technologies, including the following:

- Patents describing collaborative systems that entail centralized communication methods for storing information and pushing notifications to group participants;
- Patents that provide the right to practice specific transactional data processing, telecommunications, network and database inventions, including financial transactions;
- Patents that enable multicasting on Internet protocol networks;
- Patents relating to performance enhancement features and enabling technology within switching communication terminal equipment, and in Private Branch Exchanges (PBXs) in a communication network;
- Patents relating to a wide range of technologies including processor architecture in the mobile device marketplace;
- Patents relating to process automation in the production and resource planning space (ERP) although the patents and their associated claims show a clear relationship with other fields of use;
- Patents that cover key enabling wireless technologies including the transfer of active session among devices and web content transformation into formats compatible with destination devices;
- Patents related to the automotive and related industries in the areas of occupant restraint and safety systems as well as automotive centric communications methodologies including sensing and detection technologies; and
- Patents related to frame relay technologies.

Patent Enforcement Litigation

In the normal course of our business of patent monetization, it is generally necessary for us to initiate litigation in order to commence the process of protecting our patent rights. Such activities are expected to lead to a monetization event. Accordingly, we are, and in the future expect to become, a party to ongoing patent enforcement related litigation alleging infringement by various third parties of certain of the patented technologies owned and/or controlled by us. Litigation is commenced by and managed through the subsidiary that owns the related portfolio of patents or patent rights. In connection with our enforcement activities, we are currently involved in multiple patent infringement cases. As of December 31, 2013, the Company has in suit a total of 57 active defendants, 31 in the District of Delaware, 2 in the Eastern District of Virginia and 24 in the Eastern District of Texas.

Research and Development

We have not expended funds for research and development costs.

Employees

As of December 31, 2013, we had five (5) full-time employees and one (1) part-time employee. We believe our employee relations to be good.

ITEM 1A. RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Related to Our Company

We have changed the focus of our business to acquiring patents and patent rights and monetizing the value of those assets through enforcement campaigns that are expected to generate revenue. We may not be able to successfully monetize the patents that we acquire and thus we may fail to realize all of the anticipated benefits of such acquisitions.

There is no assurance that we will be able to continue to successfully acquire, develop or monetize our patent portfolio. The acquisition of patents could fail to produce anticipated benefits or we could have other adverse effects that we do not currently foresee. Failure to successfully monetize our patents would have a material adverse effect on our business, financial condition and results of operations.

In addition, the acquisition of patent portfolios is subject to a number of risks, including, but not limited to the following:

- There is a significant time lag between acquiring a patent portfolio and recognizing revenue from those patent assets. During that time lag, substantial amounts of costs are likely to be incurred that could have a negative effect on our results of operations, cash flows and financial position; and
- The monetization of a patent portfolio will be a time consuming and expensive process that may disrupt our operations. If our monetization efforts are not successful, our results of operations could be harmed. In addition, we may not achieve anticipated synergies or other benefits from such acquisition.

We may encounter unforeseen difficulties with our business or operations in the future that may deplete our capital resources more rapidly than anticipated. As a result, we may be required to obtain additional working capital in the future through public or private debt or equity financings, borrowings or otherwise. If we are required to raise additional working capital in the future, such financing may be unavailable to us on favorable terms, if at all, or may be dilutive to our existing stockholders. If we fail to obtain additional working capital, as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition.

Therefore, there is no assurance that the monetization of our patent portfolios will generate enough revenue to recoup our investment.

We are presently reliant exclusively on the patent assets we acquired from other companies. If we are unable to monetize such assets and generate revenue and profit through those assets or by other means, there is a significant risk that our business would fail.

At the commencement of our current line of business in 2012, we acquired a portfolio of patent assets from Sampo IP LLC (“Sampo”), a company affiliated with our Chief Executive Officer, Douglas Croxall, from which we have generated revenue from enforcement activities and for which we plan to continue to generate enforcement related revenue. On April 16, 2013, we acquired a patent from Mosaid Technologies Incorporated, a Canadian corporation. On April 22, 2013, we acquired a foundational patent portfolio through a merger between CyberFone Acquisition Corp., a Texas corporation and our wholly owned subsidiary and CyberFone Systems LLC, a Texas limited liability company (“CyberFone Systems”). In June 2013, in connection with the closing of a licensing agreement with Siemens Technology, we acquired a patent portfolio from that company. In September 2013, we acquired a portfolio from TeleCommunication Systems and an additional portfolio from Intergraph Corporation. In October 2013, we acquired a patent portfolio from TT IP, LLC. In December 2013, in connection with a licensing agreement with Zhone, we acquired a portfolio of patents from that company. Also, in December 2013, we acquired a patent portfolio from Delphi Technologies, Inc. We plan to generate revenues from our acquired patent portfolios. However, if our efforts to generate revenue from these assets fail, we will have incurred significant losses and may be unable to acquire additional assets. If this occurs, our business would likely fail.

Failure to effectively manage our growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results.

Our growth has placed, and is expected to continue to place, a strain on our managerial, operational and financial resources and systems. Further, as our subsidiary companies’ businesses grow, we will be required to continue to manage multiple relationships. Any further growth by us or our subsidiary companies, or an increase in the number of our strategic relationships, may place additional strain on our managerial, operational and financial resources and systems. Although we may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business and financial results would be materially harmed.

We initiate legal proceedings against potentially infringing companies in the normal course of our business and we believe that extended litigation proceedings would be time-consuming and costly, which may adversely affect our financial condition and our ability to operate our business.

To monetize our patent assets, we generally initiate legal proceedings against likely infringing companies, pursuant to which we may allege that such companies infringe on one or more of our patents. Our viability could be highly dependent on the outcome of the litigation, and there is a risk that we may be unable to achieve the results we desire from such litigation, which failure would substantially harm our business. In addition, the defendants in the litigations are likely to be much larger than us and have substantially more resources than we do, which could make our litigation efforts more difficult.

We anticipate that these legal proceedings may continue for several years and may require significant expenditures for legal fees and other expenses. Disputes regarding the assertion of patents and other intellectual property rights are highly complex and technical. Once initiated, we may be forced to litigate against others to enforce or defend our patent rights or to determine the validity and scope of other party’s patent rights. The defendants or other third parties involved in the lawsuits in which we are involved may allege defenses and/or file counterclaims in an effort to avoid or limit liability and damages for patent infringement. If such defenses or counterclaims are successful, they may preclude our ability to derive monetization revenue from the patents. A negative outcome of any such litigation, or one or more claims contained within any such litigation, could materially and adversely impact our business. Additionally, we anticipate that our legal fees and other expenses will be material and will negatively impact our financial condition and results of operations and may result in our inability to continue our business.

We may seek to internally develop additional new inventions and intellectual property, which would take time and be costly. Moreover, the failure to obtain or maintain intellectual property rights for such inventions would lead to the loss of our investments in such activities.

Part of our business may in the future include the internal development of new inventions or intellectual property that we will seek to monetize. However, this aspect of our business would likely require significant amounts of capital and would take time to achieve. Such activities could also distract our management team from its present business initiatives, which could have a material and adverse effect on our business. There is also the risk that such initiatives may not yield any viable new inventions or technology, which would lead to a loss of our investments in time and resources in such activities.

In addition, even if we are able to internally develop new inventions, in order for those inventions to be viable and to compete effectively, we would need to develop and maintain, and we would be heavily reliant upon, a proprietary position with respect to such inventions and intellectual property. However, there are significant risks associated with any such intellectual property we may develop principally including the following:

- patent applications we may file may not result in issued patents or may take longer than we expect to result in issued patents;
- we may be subject to interference proceedings;
- we may be subject to opposition proceedings in the U.S. or foreign countries;
- any patents that are issued to us may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents issued to us;
- other companies may have independently developed and/or patented (or may in the future independently develop and patent) similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies we have developed; and
- enforcement of our patents would be complex, uncertain and very expensive.

We cannot be certain that patents will be issued as a result of any future patent applications, or that any of our patents, once issued, will provide us with adequate protection from competing products. For example, issued patents may be circumvented or challenged, declared invalid or unenforceable, or narrowed in scope. In addition, since publication of discoveries in scientific or patent literature often lags behind actual discoveries, we cannot be certain that we will be the first to make our additional new inventions or to file patent applications covering those inventions. It is also possible that others may have or may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we may acquire, our continued rights will depend on meeting any obligations to the seller and we may be unable to do so. Our failure to obtain or maintain intellectual property rights for our inventions would lead to the loss of our investments in such activities, which would have a material adverse effect on us.

Moreover, patent application delays could cause delays in recognizing revenue from our internally generated patents and could cause us to miss opportunities to license patents before other competing technologies are developed or introduced into the market.

Our future success depends on our ability to expand our organization to match the growth of our subsidiaries.

As our operating subsidiaries grow, the administrative demands upon us and our operating subsidiaries will grow, and our success will depend upon our ability to meet those demands. These demands include increased accounting, management, legal services, staff support, and general office services. We may need to hire additional qualified personnel to meet these demands, the cost and quality of which is dependent in part upon market factors outside of our control. Further, we will need to effectively manage the training and growth of our staff to maintain an efficient and effective workforce, and our failure to do so could adversely affect our business and operating results.

Potential acquisitions may present risks, and we may be unable to achieve the financial or other goals intended at the time of any potential acquisition.

Our future growth depends, in part, on our ability to acquire patented technologies, patent portfolios, or companies holding such patented technologies and patent portfolios. Accordingly, we have engaged in acquisitions to expand our patent portfolios and we intend to continue to explore such acquisitions. Such acquisitions are subject to numerous risks, including the following:

- our inability to enter into a definitive agreement with respect to any potential acquisition, or if we are able to enter into such agreement, our inability to consummate the potential acquisition;
- difficulty integrating the operations, technology and personnel of the acquired entity;
- our inability to achieve the anticipated financial and other benefits of the specific acquisition;
- difficulty in maintaining controls, procedures and policies during the transition and monetization process;
- diversion of our management's attention from other business concerns; and
- failure of our due diligence process to identify significant issues, including issues with respect to patented technologies and patent portfolios, and other legal and financial contingencies.

If we are unable to manage these risks effectively as part of any acquisition, our business could be adversely affected.

Our revenues are unpredictable, and this may harm our financial condition.

From November 12, 2012 to the present, our operating subsidiaries have executed our business strategy of acquiring patent portfolios and accompanying patent rights and monetizing the value of those assets. At December 31, 2013, on a consolidated basis, our operating subsidiaries owned or controlled the rights to over 118 patent assets, which include U.S. patents and certain foreign counterparts, covering technologies used in a wide variety of industries. These acquisitions continue to expand and diversify our revenue generating opportunities. However, due to the nature of our patent monetization business and uncertainties regarding the amount and timing of the receipt of funds from the monetization of our patent assets resulting in part from uncertainties regarding the outcome of enforcement actions, rates of adoption of our patented technologies, outlook for the businesses for defendants, and certain other factors, our revenues may vary substantially from quarter to quarter, which could make our business difficult to manage, adversely affect our business and operating results, cause our quarterly results to fall below market expectations and adversely affect the market price of our common stock.

Our patent monetization cycle is lengthy and costly, and our marketing, legal and sales efforts may be unsuccessful.

We expect our operating subsidiaries to incur significant marketing, legal and sales expenses prior to entering into monetization events that generate revenue for the Company. We will also spend considerable resources educating defendants on the benefits of a settlement with us that may include as one component a non-exclusive license for future use of our patent rights. As such, we may incur significant losses in any particular period before any associated revenue stream begins.

If our efforts to convince defendants of the benefits of a settlement arrangement are unsuccessful, we may need to continue with the litigation process or other enforcement action to protect our patent rights and to realize revenue from those rights. We may also need to litigate to enforce the terms of some existing agreements, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. Enforcement proceedings are typically protracted and complex. The costs are typically substantial, and the outcomes are unpredictable. Enforcement actions will divert our managerial, technical, legal and financial resources from business operations.

Our exposure to uncontrollable outside influences, including new legislation, court rulings or actions by the United States Patent and Trademark Office, could adversely affect our patent monetization activities and results of operations.

Our patent acquisition and monetization business is subject to numerous risks from outside influences, including the following:

New legislation, regulations or rules related to obtaining patents or enforcing patents could significantly increase our operating costs and reduce our revenue.

Our operating subsidiaries acquire patents with enforcement opportunities and spend substantial amounts of resources to enforce those patents. If new legislation, regulations or rules are implemented either by Congress, the U.S. Patent and Trademark Office, or USPTO, or the courts that impact the patent application process, the patent enforcement process or the rights of patent holders, such changes could materially and negatively affect our revenue and expenses and, therefore, our company. Recently, United States patent laws were amended with the enactment of the Leahy-Smith America Invents Act, or the America Invents Act, which took effect on March 16, 2013. The America Invents Act includes a number of significant changes to U.S. patent law. In general, the legislation attempts to address issues surrounding the enforceability of patents and the increase in patent litigation by, among other things, establishing new procedures for patent litigation. For example, the America Invents Act changes the way that parties may be joined in patent infringement actions, increasing the likelihood that such actions will need to be brought against individual allegedly-infringing parties by their respective individual actions or activities. In addition, the America Invents Act enacted a new inter-partes review (“IPR”) process at the USPTO which can be used by defendants, and other individuals and entities, to separately challenge the validity of any patent. At this time, it is not clear what, if any, impact the America Invents Act will have on the operation of our patent monetization and enforcement business. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the enforcement of our patented technologies, which could have a material adverse effect on our business and financial condition.

In addition, the U.S. Department of Justice, or the DOJ, has conducted reviews of the patent system to evaluate the impact of patent assertion entities on industries in which those patents relate. It is possible that the findings and recommendations of the DOJ could impact the ability to effectively monetize and enforce standards-essential patents and could increase the uncertainties and costs surrounding the enforcement of any such patented technologies. Also, the Federal Trade Commission, or FTC, has published its intent to initiate a proposed study under Section 6(b) of the Federal Trade Commission Act to evaluate the patent assertion practice and market impact of Patent Assertion Entities, or PAEs. The FTC’s notice and request for public comment relating to the PAE study appeared in the Federal Register on October 3rd, 2013. It is anticipated that the Company, including its subsidiaries, will be subject to this FTC study which would require the collection of certain information as detailed in notice published by the FTC. It is expected that the results of the PAE study by the FTC will be provided to Congress and other agencies, such as the DOJ, who could take action, including legislative proposals, based on the results of the study.

Finally, new rules regarding the burden of proof in patent enforcement actions could substantially increase the cost of our enforcement actions and new standards or limitations on liability for patent infringement could negatively impact our revenue derived from such enforcement actions.

Changes in patent law could adversely impact our business.

Patent laws may continue to change and may alter the historically consistent protections afforded to owners of patent rights. Such changes may not be advantageous for us and may make it more difficult to obtain adequate patent protection to enforce our patents against infringing parties. Increased focus on the growing number of patent-related lawsuits may result in legislative changes that increase our costs and related risks of asserting patent enforcement actions. For instance, the United States House of Representatives passed a bill that would require non-practicing entities that bring patent infringement lawsuits to pay legal costs of the defendants, if the lawsuits are unsuccessful and certain standards are not met.

Trial judges and juries often find it difficult to understand complex patent enforcement litigation, and as a result, we may need to appeal adverse decisions by lower courts in order to successfully enforce our patent rights.

It is difficult to predict the outcome of patent enforcement litigation at the trial level. It is often difficult for juries and trial judges to understand complex, patented technologies and, as a result, there is a higher rate of successful appeals in patent enforcement litigation than more standard business litigation. Such appeals are expensive and time consuming, resulting in increased costs and delayed revenue. Although we diligently pursue enforcement litigation, we cannot predict with significant reliability the decisions that may be made by juries and trial courts.

More patent applications are filed each year resulting in longer delays in getting patents issued by the USPTO.

Certain of our operating subsidiaries hold and continue to acquire pending patents. We have identified a trend of increasing patent applications each year, which we believe is resulting in longer delays in obtaining approval of pending patent applications. The application delays could cause delays in monetizing such patents to generate revenue from those assets and could cause us to miss opportunities to license patents before other competing technologies are developed or introduced into the market.

Federal courts are becoming more crowded and, as a result, patent enforcement litigation is taking longer.

Our patent enforcement actions are almost exclusively prosecuted in federal court. Federal trial courts that hear our patent enforcement actions also hear criminal cases. Criminal cases always take priority over our actions. As a result, it is difficult to predict the length of time it will take to complete an enforcement action. Moreover, we believe there is a trend in increasing numbers of civil lawsuits and criminal proceedings before federal judges and, as a result, we believe that the risk of delays in our patent enforcement actions will have a greater effect on our business in the future unless this trend changes.

Any reductions in the funding of the USPTO could have an adverse impact on the cost of processing pending patent applications and the value of those pending patent applications.

The assets of our operating subsidiaries consist of patent portfolios, including pending patent applications before the USPTO. The value of our patent portfolio is dependent, in part, on the issuance of patents in a timely manner, and any reductions in the funding of the USPTO could negatively impact the value of our assets. Further, reductions in funding from Congress could result in higher patent application filing and maintenance fees charged by the USPTO, causing an unexpected increase in our expenses.

Our acquisitions of patent assets may be time consuming, complex and costly, which could adversely affect our operating results.

Acquisitions of patent or other intellectual property assets, which are and will be critical to our business plan, are often time consuming, complex and costly to consummate. We may utilize many different transaction structures in our acquisitions and the terms of such acquisition agreements tend to be heavily negotiated. As a result, we expect to incur significant operating expenses and may be required to raise capital during the negotiations even if the acquisition is ultimately not consummated. Even if we are able to acquire particular patent assets, there is no guarantee that we will generate sufficient revenue related to those patent assets to offset the acquisition costs. While we will seek to conduct sufficient due diligence on the patent assets we are considering for acquisition, we may acquire patent assets from a seller who does not have proper title to those assets. In those cases, we may be required to spend significant resources to defend our ownership interest in the patent assets and, if we are not successful, our acquisition may be invalid, in which case we could lose part or all of our investment in the assets.

We may also identify patent or other patent rights assets that cost more than we are prepared to spend with our own capital resources. We may incur significant costs to organize and negotiate a structured acquisition that does not ultimately result in an acquisition of any patent assets or, if consummated, proves to be unprofitable for us. These higher costs could adversely affect our operating results and, if we incur losses, the value of our securities will decline.

In addition, we may acquire patents and technologies that are in the early stages of adoption in the commercial, industrial and consumer markets. Demand for some of these technologies will likely be untested and may be subject to fluctuation based upon the rate at which our companies may adopt our patented technologies in their products and services. As a result, there can be no assurance as to whether technologies we acquire or develop will have value that we can monetize.

In certain acquisitions of patent assets, we may seek to defer payment or finance a portion of the acquisition price. This approach may put us at a competitive disadvantage and could result in harm to our business.

We have limited capital and may seek to negotiate acquisitions of patent or other intellectual property assets where we can defer payments or finance a portion of the acquisition price. These types of debt financing or deferred payment arrangements may not be as attractive to sellers of patent assets as receiving the full purchase price for those assets in cash at the closing of the acquisition. As a result, we might not compete effectively against other companies in the market for acquiring patent assets, many of whom have substantially greater cash resources than we have. In addition, any failure to satisfy any debt repayment obligations that we may incur, may result in adverse consequences to our operating results.

Any failure to maintain or protect our patent assets could significantly impair our return on investment from such assets and harm our brand, our business and our operating results.

Our ability to operate our business and compete in the patent market largely depends on the superiority, uniqueness and value of our acquired patent assets. To protect our proprietary rights, we rely on and will rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with our employees and third parties, and protective contractual provisions. No assurances can be given that any of the measures we undertake to protect and maintain the value of our assets will have any measure of success.

Following the acquisition of patent assets, we will likely be required to spend significant time and resources to maintain the effectiveness of those assets by paying maintenance fees and making filings with the United States Patent and Trademark Office. We may acquire patent assets, including patent applications that require us to spend resources to prosecute such patent applications with the United States Patent and Trademark Office. Further, there is a material risk that patent related claims (such as, for example, infringement claims (and/or claims for indemnification resulting therefrom), unenforceability claims, or invalidity claims) will be asserted or prosecuted against us, and such assertions or prosecutions could materially and adversely affect our business. Regardless of whether any such claims are valid or can be successfully asserted, defending such claims could cause us to incur significant costs and could divert resources away from our core business activities.

Despite our efforts to protect our intellectual property rights, any of the following or similar occurrences may reduce the value of our intellectual property:

- our patent applications, trademarks and copyrights may not be granted and, if granted, may be challenged or invalidated;
- issued trademarks, copyrights, or patents may not provide us with any competitive advantages when compared to potentially infringing other properties;
- our efforts to protect our intellectual property rights may not be effective in preventing misappropriation of our technology; or
- our efforts may not prevent the development and design by others of products or technologies similar to or competitive with, or superior to those we acquire and/or prosecute.

Moreover, we may not be able to effectively protect our intellectual property rights in certain foreign countries where we may do business in the future or from which competitors may operate. If we fail to maintain, defend or prosecute our patent assets properly, the value of those assets would be reduced or eliminated, and our business would be harmed.

Weak global economic conditions may cause infringing parties to delay entering into settlement and licensing agreements, which could prolong our litigation and adversely affect our financial condition and operating results.

Our business plan depends significantly on worldwide economic conditions and the United States and world economies have recently experienced weak economic conditions. Uncertainty about global economic conditions poses a risk as businesses may postpone spending in response to tighter credit, negative financial news and declines in income or asset values. This response could have a material adverse effect on the willingness of parties infringing on our assets to enter into settlements or other revenue generating agreements voluntarily. Entering into such agreements is critical to our business plan, and our failure to do so could cause material harm to our business.

If we are unable to adequately protect our patent assets, we may not be able to compete effectively.

Our ability to compete depends in part upon the strength of the patents and patent rights that we own or may hereafter acquire in our technologies, brands and content. We rely on a combination of U.S. and foreign patents, copyrights, trademark, trade secret laws and other types of agreements to establish and protect our patent, intellectual property and proprietary rights. The efforts we take to protect our patents, intellectual property and proprietary rights may not be sufficient or effective at stopping unauthorized use of our patents, intellectual property and proprietary rights. In addition, effective trademark, patent, copyright and trade secret protection may not be available or cost-effective in every country in which our services are made available. There may be instances where we are not able to fully protect or utilize our patent and other intellectual property in a manner that maximizes competitive advantage. If we are unable to protect our patent assets and intellectual property and proprietary rights from unauthorized use, the value of those assets may be reduced, which could negatively impact our business. Our inability to obtain appropriate protections for our intellectual property may also allow competitors to enter our markets and produce or sell the same or similar products. In addition, protecting our patents and patent rights is expensive and diverts critical managerial resources. If any of the foregoing were to occur, or if we are otherwise unable to protect our intellectual property and proprietary rights, our business and financial results could be adversely affected.

If we are forced to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive. In addition, our patent rights could be at risk if we are unsuccessful in, or cannot afford to pursue, those proceedings. We also rely on trade secrets and contract law to protect some of our patent rights and proprietary technology. We will enter into confidentiality and invention agreements with our employees and consultants. Nevertheless, these agreements may not be honored and they may not effectively protect our right to our un-patented trade secrets and know-how. Moreover, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

Risks Relating to Our Common Stock

Our management will be able to exert significant influence over us to the detriment of minority stockholders.

Our executive officers and directors beneficially own approximately 15.64% of our outstanding common stock as of March 28, 2014. These stockholders, if they act together, will be able to exert significant influence on our management and affairs and all matters requiring stockholder approval, including significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing our change in control and might affect the market price of our common stock.

Exercise of warrants will dilute stockholders' percentage of ownership.

We have issued options and warrants to purchase our common stock to our officers, directors, consultants and certain shareholders. In the future, we may grant additional stock options, warrants and convertible securities. The exercise or conversion of stock options, warrants or convertible securities will dilute the percentage ownership of our other stockholders. The dilutive effect of the exercise or conversion of these securities may adversely affect our ability to obtain additional capital. The holders of these securities may be expected to exercise or convert them when we would be able to obtain additional equity capital on terms more favorable than these securities.

We may fail to qualify for continued trading on the OTCQB, which could make it more difficult for investors to sell their shares.

Our common stock is quoted on the OTCQB. There can be no assurance that trading of our common stock on such market will be sustained. In the event that our common stock fails to qualify for continued inclusion, our common stock could thereafter only be quoted on the "pink sheets." Under such circumstances, shareholders may find it more difficult to dispose of, or to obtain accurate quotations, for our common stock, and our common stock would become substantially less attractive to certain purchasers such as financial institutions, hedge funds and other similar investors.

Our common stock may be affected by limited trading volume and price fluctuations, which could adversely impact the value of our common stock.

There has been limited trading in our common stock and there can be no assurance that an active trading market in our common stock will either develop or be maintained. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially. These fluctuations may also cause short sellers to periodically enter the market in the belief that we will have poor results in the future. We cannot predict the actions of market participants and, therefore, can offer no assurances that the market for our common stock will be stable or appreciate over time.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments; and
- economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have never paid nor do we expect in the near future to pay dividends.

We have never paid cash dividends on our capital stock and do not anticipate paying any cash dividends on our common stock for the foreseeable future. Investors should not rely on an investment in us if they require income generated from dividends paid on our capital stock. Any income derived from our common stock would only come from rise in the market price of our common stock, which is uncertain and unpredictable.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period, under Rule 144, or issued upon the exercise of outstanding warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate. The shares of our restricted common stock will be freely tradable upon the earlier of: (i) effectiveness of a registration statement covering such shares and (ii) the date on which such shares may be sold without registration pursuant to Rule 144 (or other applicable exemption) under the Securities Act.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a "reverse merger." Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any secondary offerings on our behalf.

Investor relations activities, nominal "float" and supply and demand factors may affect the price of our stock.

We expect to utilize various techniques such as non-deal road shows and investor relations campaigns in order to create investor awareness for us. These campaigns may include personal, video and telephone conferences with investors and prospective investors in which our business practices are described. We may provide compensation to investor relations firms and pay for newsletters, websites, mailings and email campaigns that are produced by third-parties based upon publicly-available information concerning us. We do not intend to review or approve the content of such analysts' reports or other materials based upon analysts' own research or methods. Investor relations firms should generally disclose when they are compensated for their efforts, but whether such disclosure is made or complete is not under our control. In addition, investors in us may, from time to time, also take steps to encourage investor awareness through similar activities that may be undertaken at the expense of the investors. Investor awareness activities may also be suspended or discontinued which may impact the trading market our common stock.

The SEC and FINRA enforce various statutes and regulations intended to prevent manipulative or deceptive practices in connection with the purchase or sale of any security and carefully scrutinize trading patterns and company news and other communications for false or misleading information, particularly in cases where the hallmarks of “pump and dump” activities may exist, such as rapid share price increases or decreases. We, and our shareholders may be subjected to enhanced regulatory scrutiny due to the small number of holders who initially will own the registered shares of our common stock publicly available for resale, and the limited trading markets in which such shares may be offered or sold which have often been associated with improper activities concerning penny-stocks, such as the OTC Bulletin Board or the OTCQB Marketplace (Pink OTC) or pink sheets. Until such time as our restricted shares are registered or available for resale under Rule 144, there will continue to be a small percentage of shares held by a small number of investors, many of whom acquired such shares in privately negotiated purchase and sale transactions, which will constitute the entire available trading market. The Supreme Court has stated that manipulative action is a term of art connoting intentional or willful conduct designed to deceive or defraud investors by controlling or artificially affecting the price of securities. Often times, manipulation is associated by regulators with forces that upset the supply and demand factors that would normally determine trading prices. Since only a small percentage of our shares of outstanding common stock will initially be available for trading and will be held by a small number of individuals and entities, the supply of our common stock for sale will be extremely limited for an indeterminate length of time, which could result in higher bids, asks or sales prices than would otherwise exist. Securities regulators have often cited factors such as thinly-traded markets, small numbers of holders, and awareness campaigns as hallmarks of claims of price manipulation and other violations of law when combined with manipulative trading, such as wash sales, matched orders or other manipulative trading timed to coincide with false or touting press releases. There can be no assurance that our or third-parties’ activities, or the small number of potential sellers or small percentage of stock in the “float,” or determinations by purchasers or holders as to when or under what circumstances or at what prices they may be willing to buy or sell stock will not artificially impact (or would be claimed by regulators to have affected) the normal supply and demand factors that determine the price of the stock.

Our common stock is subject to the “penny stock” rules of the SEC, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

Due to its trading range during the last 12 months, our common stock may be considered a “Penny Stock”. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines “penny stock” to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and “accredited investors”. The term “accredited investor” refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock. The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a stockholder's ability to buy and sell our stock. In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit investors’ ability to buy and sell our stock and have an adverse effect on the market for our shares.

If we lose key personnel or are unable to attract and retain additional qualified personnel, we may not be able to successfully manage our business and achieve our objectives.

We believe our future success will depend upon our ability to retain our key management, including Doug Croxall, our Chief Executive Officer. We may not be successful in attracting, assimilating and retaining our employees in the future. The loss of Mr. Croxall would have a material adverse effect on our operations. We have entered into an amendment to the employment agreement with Mr. Croxall, which extends the term of his employment agreement to November 2017. We are competing for employees against companies that are more established than we are and have the ability to pay more cash compensation than we do. As of the date hereof, we have not experienced problems hiring employees.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately and timely or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any future internal control deficiencies may adversely affect our financial condition, results of operation and access to capital. We have not performed an in-depth analysis to determine if historical un-discovered failures of internal controls exist, and may in the future discover areas of our internal control that need improvement.

ITEM 2. PROPERTIES

We lease approximately 200 square feet of office space at 2331 Mill Road, Suite 100, Alexandria, VA 22314. The lease is on a month-to-month term and provides for a monthly rent of \$175.

We lease approximately 1,732 square feet of office space at 11100 Santa Monica Blvd., Suite 380, Los Angeles, California, 90025. The lease term commenced on October 1, 2013 and ends April 30, 2014 and provides for a monthly rent of \$3,290. In October 2013, we entered into a new seven year lease for this office space that commences on May 1, 2014. The lease terms provide for an initial monthly base rent of \$5,300 plus the payment of certain operating expenses.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of our business of patent monetization, it is generally necessary for us to initiate litigation in order to commence the process of protecting our patent rights. Such activities are expected to lead to a monetization event. Accordingly, we are, and in the future expect to become, a party to ongoing patent enforcement related litigation alleging infringement by various third parties of certain of the patented technologies owned and/or controlled by us. Litigation is commenced by and managed through the subsidiary that owns the related portfolio of patents or patent rights. In connection with our enforcement activities, we are currently involved in multiple patent infringement cases. As of December 31, 2013, the Company has in suit a total of 57 active defendants, 31 in the District of Delaware, 2 in the Eastern District of Virginia and 24 in the Eastern District of Texas.

Other than ordinary routine litigation incidental to the business, we know of no material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered beneficial shareholder are an adverse party or has a material interest adverse to us.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****Market Information**

Our common stock is currently quoted on the OTCQB under the symbol "MARA". Previously, our common stock was quoted on the OTC Bulletin Board under the symbol "AMSC". Because we are quoted on the OTCQB, our securities may be less liquid, receive less coverage by security analysts and news media, and, therefore, may reflect lower prices than might otherwise be obtained if the shares were listed on a national securities exchange.

The following table sets forth the high and low bid quotations for our common stock as reported for the periods indicated. Where applicable, the prices set forth below give retroactive effect to the Reverse Split effectuated on July 18, 2013.

	<u>High</u>	<u>Low</u>
Fiscal 2014		
First quarter through March 28, 2014	\$ 7.39	\$ 5.55
Fiscal 2013		
First Quarter	\$ 11.05	\$ 3.38
Second Quarter	6.50	3.90
Third Quarter	7.94	4.16
Fourth Quarter	6.80	4.42
Fiscal 2012		
First Quarter	-	-
Second Quarter	\$ 14.95	\$ 6.50
Third Quarter	13.13	3.77
Fourth Quarter	13.00	6.63

Holders

As of March 28, 2014, there were 59 holders of record of 5,489,593 shares of the Company's common stock.

Dividends

The Company has not paid any cash dividends to date and does not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Company's business.

Securities Authorized for Issuance under Equity Compensation Plans**2012 Equity Incentive Plan**

The following table gives information about the Company's common stock that may be issued upon the exercise of options granted to employees, directors and consultants under its 2012 Equity Incentive Plan as of December 31, 2013, after giving effect to the Reverse Split. On August 1, 2012, our board of directors and stockholders adopted the 2012 Equity Incentive Plan, pursuant to which 769,231 shares of our common stock are reserved for issuance as awards to employees, directors, consultants, advisors and other service providers, after giving effect to the Reverse Split.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	676,538	\$ 5.79	92,693
Equity compensation plans not approved by security holders	803,846	\$ 5.88	-
Total	1,480,384	\$ 5.85	92,693

Recent sales of unregistered securities

On January 28, 2013, we issued to our Chief Financial Officer and Secretary, Mr. John Stetson a ten (10) year option to purchase an aggregate of 38,462 shares of our common stock with an exercise price of \$6.50 per share, subject to adjustment, which shall vest in three (3) equal annual installments on the beginning on the first annual anniversary of the date of his employment agreement. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On March 1, 2013, we issued to our then Chief Technology Officer, Mr. Nathaniel Bradley, and Chief Operating Officer, Mr. James Crawford, five (5) year stock options to purchase an aggregate of 115,385 shares of our common stock with an exercise price of the options is \$11.05 which shall vest in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On March 8, 2013, we issued to our directors, Mr. Craig Nard and Mr. William Rosellini, five (5) year stock options to purchase an aggregate of 15,385 shares of common stock pursuant to the terms of their independent director agreements. The exercise price of the options is \$6.50 per share and shall vest as follows: 33% the first anniversary hereof; 33% on the second anniversary and 34% on the third anniversary. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On April 22, 2013, CyberFone Acquisition Corp., entered into the CyberFone Merger Agreement with CyberFone Systems, TechDev and Spangenberg Foundation. Pursuant to the terms of the Merger Agreement, CyberFone Systems merged with and into CyberFone Acquisition Corp with CyberFone Systems surviving the merger as our wholly owned subsidiary. We (i) issued 461,538 shares of common stock to the CyberFone Sellers (the "CyberFone Merger Shares"), (ii) paid the CyberFone Sellers \$500,000 cash and (iii) issued a \$500,000 promissory note to TechDev (the "TechDev Note"). The TechDev Note is non-interest bearing and becomes due June 22, 2013, subject to acceleration in the event of default. We may prepay the TechDev Note at any time without premium or penalty. The transaction did not involve any underwriters, underwriting discounts or commissions, or any public offering. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

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On May 31, 2013, we sold an aggregate of 1,153,844 units representing gross proceeds of \$6,000,000 to certain accredited investors pursuant to a securities purchase agreement, among which, 999,998 units representing \$5,200,000 were funded. Each unit was subscribed for a purchase price of \$5.20 per unit and consists of: (i) one share of our common stock, and (ii) a three (3) year warrant to purchase one-half share of our common stock at an exercise price of \$6.50 per share, subject to adjustment upon the occurrence of certain events such as stock splits and stock dividends and similar events. The warrants contain limitations on the holders' ability to exercise the warrants in the event such exercise causes the holder to beneficially own in excess of 9.99% of our issued and outstanding common stock. The Company paid placement agent fees of \$170,000 to two broker-dealers in connection with the sale of the units of which \$30,000 was previously paid by us as a retainer. On July 29, 2013, we converted legal fees of \$29,620 into 5,696 units. In July 2013, two investors who had subscribed for an aggregate of 153,846 units for an aggregate purchase price of \$800,000 assigned their subscriptions to other investors. The investors each funded their subscriptions and such units were issued in August 2013. The above referenced securities were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws.

On June 11, 2013, we granted options to purchase 15,385 shares of common stock exercisable at \$5.33 post-split per share to a consultant for legal services. The options shall vest pro rata monthly over the following 24 month period. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On June 11, 2013, we issued options to purchase 176,923 shares of common stock and 96,154 shares of restricted stock to certain officers and directors. The options are exercisable at \$5.265 per share. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On June 19, 2013, we issued options to purchase 61,538 shares of our common stock to certain employees, including 38,462 options to Mr. James Crawford, the Company's Chief Operating Officer. The stock options have an exercise price of \$4.94 per share. The options issued to Mr. Crawford are conditioned upon the cancellation of the stock options granted to him on March 1, 2013 under his employment agreement. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On July 24, 2013, our Board of Directors approved the issuance of 67,308 shares to two consultants in consideration for consulting services. Our Board of Directors also approved the issuance of options to purchase an aggregate of 67,307 shares of our common stock to certain consultants in consideration for consulting services. The options shall vest 33%, 33% and 34% on each annual anniversary of the date of issuance. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On July 30, 2013, we issued 13,462 shares of our common stock to a consultant in consideration for consulting services, of which 7,692 shares of common stock vested immediately and the remaining 23,077 shares of common stock shall vest in increments of 1,923 at the end of each month over a 12 month period. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On July 30, 2013, we issued 23,077 shares of common stock to a consultant in consideration for consulting services. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On July 25, 2013, we issued 4,380 shares of our common stock pursuant to a conversion of \$30,000 cash payment owed to certain legal service provider, based on the \$6.85 closing price as of July 25, 2013. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Regulation S, as a transaction made outside of the United States.

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On August 19, 2013, we issued options to purchase an aggregate of 303,846 shares of common stock to two consultants in consideration for their services as members of our Advisory Board. The options shall vest 33%, 33% and 34% on each annual anniversary of the date of issuance. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On October 15, 2013, we entered into a patent purchase agreement with TT IP, LLC, a Texas limited liability company, pursuant to which we acquired a patent portfolio for 150,000 shares of our common stock. The shares are subject to a forfeiture right for our benefit in the event that no enforcement action is effected by the lapse of the enforcement period. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On November 11, 2013, we entered into a consulting agreement with Kairix Analytics, Ltd., an Ohio limited liability company (“Kairix”), pursuant to which we granted options to acquire 300,000 shares of common stock to Kairix in exchange for services. The options vest 33% on the first anniversary of the agreement; 33% on the second anniversary of the agreement; and 34% on the third anniversary of the agreement. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On November 18, 2013, we granted our Chief Executive Officer, Doug Croxall, ten year stock options to purchase an aggregate of 100,000 shares of our common stock, with a strike price of \$5.93 per share (representing the closing price on the date of grant), vesting in twenty-four (24) equal installments on each monthly anniversary of the date of grant. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On November 18, 2013, we entered into an executive employment agreement with Richard Raisig (“Raisig Agreement”) pursuant to which Mr. Raisig would serve as our Chief Financial Officer. As part of the consideration, we agreed to grant Mr. Raisig ten year stock options to purchase an aggregate of 115,000 shares of Common Stock, with a strike price of \$5.70 per share, vesting in twenty-four (24) equal installments on each monthly anniversary of the date of the Raisig Agreement. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On November 18, 2013, we entered into a consulting agreement with Jeff Feinberg (“Feinberg Agreement”), pursuant to which we agreed to grant Mr. Feinberg a Restricted Stock Unit for 100,000 shares of our restricted common stock; 50% of which vests on the one-year anniversary of the Feinberg Agreement and the remaining 50% of which vests on the second year anniversary of the Feinberg Agreement. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

* All of the above share amounts are adjusted for our 1-for-13 Reverse Split effectuated on July 18, 2013.

Recent Repurchases of Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business of the Company

Our business is to acquire patents and patent rights and to monetize the value of those assets to generate revenue and profit for the Company. We acquire patents and patent rights from their owners, who range from individual inventors to Fortune 500 companies. Part of our acquisition strategy is to acquire patents and patent rights that cover a wide-range of subject matter, which allows us to achieve the benefits of a growing diversified portfolio of assets. Generally, the assets we acquire are characterized by having large identifiable companies who are or have been using technology that infringes our patent rights. We generally monetize our portfolio of assets by initiating enforcement activities against any infringing parties with the objective of entering into a standard form of comprehensive settlement and license agreement that may include the granting of non-exclusive retroactive and future rights to use the patented technology, a covenant not to sue, a release of the party from certain claims, the dismissal of any pending litigation and other terms that are appropriate in the circumstances. Our strategy has been developed with the expectation that it will result in a long-term, diversified revenue stream for the Company.

Recent Developments

Reverse Split

On May 31, 2013, shareholders holding a majority of our outstanding voting capital approved a reverse stock split of our issued and outstanding common stock by a ratio of not less than one-for-five and not more than one-for-fifteen at any time prior to April 30, 2014, with the exact ratio to be set at a whole number within this range as determined by our Board of Directors in its sole discretion.

On July 18, 2013, we filed a certificate of amendment to our Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada in order to effectuate a reverse stock split of our issued and outstanding common stock, par value \$0.0001 per share on a one (1) for thirteen (13) basis (the "Reverse Split"). The Reverse Split became effective with the FINRA at the open of business on July 22, 2013. As a result of the Reverse Stock Split, every thirteen shares of our pre-reverse split common stock will be combined and reclassified into one share of our common stock. No fractional shares of common stock will be issued as a result of the Reverse Split. Stockholders who otherwise would be entitled to a fractional share shall receive the next highest number of whole shares.

Throughout this Annual Report, each instance which refers to a number of shares of our common stock, refers to the number of shares of common stock after giving effect to the Reverse Split, unless otherwise indicated.

Private Placement

On May 31, 2013, we sold an aggregate of 1,153,844 units representing gross proceeds of \$6,000,000 to certain accredited investors pursuant to a securities purchase agreement, among which, 999,998 units representing \$5,200,000 were funded. Each unit was subscribed for a purchase price of \$5.20 per unit and consists of: (i) one share of our common stock, and (ii) a three (3) year warrant to purchase one half share of our common stock at an exercise price of \$6.50 per share, subject to adjustment upon the occurrence of certain events such as stock splits and stock dividends and similar events. The warrants contain limitations on the holders' ability to exercise the warrants in the event such exercise causes the holder to beneficially own in excess of 9.99% of our issued and outstanding common stock. The Company paid placement agent fees of \$170,000 to two broker-dealers in connection with the sale of the units of which \$30,000 was previously paid by us as a retainer. On July 29, 2013, we converted legal fees of \$29,620 into 5,696 units. In August 2013, two investors who had subscribed for an aggregate of 153,846 units for an aggregate purchase price of \$800,000 on May 31, 2013 assigned their subscriptions to other investors. Such other investors each funded their subscriptions and such additional units were issued. Additionally, we paid placement agent fees of \$35,029 and legal fees of \$42,375 in connection with the sale of units.

CyberFone Acquisition

On April 22, 2013, CyberFone Acquisition Corp. (“CyberFone Acquisition Corp.”), a Texas corporation and our newly formed wholly owned subsidiary entered into a merger agreement (the “CyberFone Merger Agreement”) with CyberFone Systems LLC, a Texas limited liability company (“CyberFone Systems”), TechDev Holdings LLC (“TechDev”) and The Spangenberg Family Foundation for the Benefit of Children’s Healthcare and Education (“Spangenberg Foundation”). TechDev and Spangenberg Foundation owned 100% of the membership interests of CyberFone Systems (collectively, the ‘CyberFone Sellers”).

CyberFone Systems owns a foundational patent portfolio that includes claims that provide specific transactional data processing, telecommunications, network and database inventions, including financial transactions. The portfolio, which has a large and established licensing base, consists of ten United States patents and 27 foreign patents and one patent application. The patent rights that cover digital communications and data transaction processing are foundational to certain applications in the wireless, telecommunications, financial and other industries. IP Nav, a company founded by Erich Spangenberg and associated with the CyberFone Sellers will continue to support and manage the portfolio of patents and retain a contingent participation interest in all recoveries. IP Nav provides patent monetization and support services under an existing agreement with CyberFone Systems.

Pursuant to the terms of the CyberFone Merger Agreement, CyberFone Systems merged with and into CyberFone Acquisition Corp with CyberFone Systems surviving the merger as our wholly owned subsidiary. We (i) issued 461,538 post-split (6,000,000 pre-split) shares of common stock to the CyberFone Sellers, (ii) paid the CyberFone Sellers \$500,000 cash and (iii) issued a \$500,000 promissory note to TechDev (the “Note”). On June 21, 2013, we paid \$500,000 to TechDev in satisfaction of the note.

Patent Acquisitions

On April 16, 2013, the Company through its subsidiary, Relay IP, Inc. acquired a US patent for \$350,000.

On June 4, 2013, in connection with the closing of a settlement and license agreement, the Company agreed to settle and release a certain defendant for past and future use of the Company’s patents. The defendant agreed to assign and transfer 3 US patents and rights valued at \$1,000,000 in lieu of an additional cash payment, which amount has been included in the Company’s revenue during the year ended December 31, 2013.

In September 2013, the Company acquired 14 US patents for a total purchase price of \$1,100,000.

On November 13, 2013, the Company acquired four patents for 150,000 shares of the Company’s common stock, which the Company valued at \$718,500 based on the fair market value of the stock issued.

On December 16, 2013, the Company acquired certain patents from Delphi Technologies, Inc. for \$1,700,000 pursuant to a Patent Purchase Agreement entered into on October 31, 2013 and Amended on December 16, 2013.

On December 22, 2013, in connection with a settlement and license agreement, the Company agreed to settle and release another defendant for past and future use of the Company’s patents, whereby the defendant agreed to assign and transfer 2 U.S. patents and rights to the Company. The Company valued the two patents at an aggregate of \$700,000 and included that amount in revenue during the year ended December 31, 2013.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

Principles of Consolidation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and present the financial statements of the Company and our wholly-owned and majority owned subsidiaries. In the preparation of our consolidated financial statements, intercompany transactions and balances are eliminated.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate fair value of warrants granted, common stock issued for services, common stock issued in connection with an option agreement, common stock issued for acquisition of patents.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 605, "Revenue Recognition." Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) all obligations have been substantially performed, (iii) amounts are fixed or determinable and (iv) collectability of amounts is reasonably assured.

The Company considers the revenue generated from a settlement and licensing agreement as one unit of accounting under ASC 605-25, "Multiple-Element Arrangements" as the delivered items do not have value to customers on a standalone basis, there are no undelivered elements and there is no general right of return relative to the license. Under ASC 605-25, the appropriate recognition of revenue is determined for the combined deliverables as a single unit of accounting and revenue is recognized upon delivery of the final elements, including the license for past and future use and the release.

Also, due to the fact that the settlement element and license element for past and future use are the Company's major central business, the Company presents these two elements as one revenue category in its statement of operations. The Company does not expect to provide licenses that do not provide some form of settlement or release.

Accounting for Acquisitions

In the normal course of its business, the Company makes acquisitions of patent assets and may also make acquisitions of businesses. With respect to each such transaction, the Company evaluates facts of the transaction and follows the guidelines prescribed in accordance with ASC 805 – Business Combinations to determine the proper accounting treatment for each such transaction and then records the transaction in accordance with the conclusions reached in such analysis. The Company performs such analysis with respect to each material acquisition within the consolidated group of entities.

Intangible Assets

Intangible assets include patents purchased and patents acquired in lieu of cash in licensing transactions. The patents purchased are recorded based on the cost to acquire them and patents acquired in lieu of cash are recorded at their fair market value. The costs of these assets are amortized over their remaining useful lives. Useful lives of intangible assets are periodically evaluated for reasonableness and the assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

Goodwill and Other Intangible Assets

In accordance with ASC 350-30-65, "Intangibles - Goodwill and Others", the Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following: (1) significant underperformance relative to expected historical or projected future operating results; (2) significant changes in the manner of use of the acquired assets or the strategy for the overall business; and (3) significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge.

The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

Impairment of Long-lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the ASC 360 "Property, Plant and Equipment". The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of long-lived assets, including mineral rights, may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated future net undiscounted cash flows expected to be generated by the asset. When necessary, impaired assets are written down to their estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset.

Stock-based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Recent Accounting Pronouncements

In April 2013, the FASB ASU 2013-07, "Presentation of Financial Statements: Topic Liquidation Basis of Accounting". ASU 2013-07 requires an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is considered imminent when the likelihood is remote that the organization will return from liquidation and either: (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties; or (b) a plan for liquidation is being imposed by other forces. ASU 2013-07 will be effective for the Company beginning on January 1, 2014. The Company does not expect the adoption of ASU 2013-07 to have a material impact on its financial position, results of operations nor cash flows.

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In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 provides guidance on the presentation of unrecognized tax benefits related to any disallowed portion of net operating loss carryforwards, similar tax losses, or tax credit carryforwards, if they exist. ASU 2013-11 is effective for fiscal years beginning after December 15, 2013. The adoption of ASU 2013-11 is not expected to have a material impact on the Company's consolidated financial statements.

There were other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Results of Operations

Introduction

The Company's operations changed substantially in 2013 from the prior years. During late 2012, the Company acquired the assets of a patent acquisition and monetization company, hired new executive management experienced in that business and commenced the patent acquisition and monetization activities as the business of the Company. Concurrently with establishing the patent acquisition and monetization business, the Company discontinued all of its prior businesses and took steps to wind down those operations, which steps were completed in the third quarter of 2013. Throughout 2013 and subsequently, the Company's continuing business and only business was the patent acquisition and monetization business. The Company's business activities in 2013 resulted in the Company recording revenue of \$3,418,371 for the year; the acquisition of CyberFone and its patent portfolio; the acquisition of an additional seven patent portfolios; and raising \$5,777,596 in new capital. The Company ended the year with a patent portfolio of 118 U.S. and foreign patents and 5 patent applications; an active acquisition and monetization business; and a cash balance of \$3,610,262.

As a result of the changes in the Company's business in late 2012, the results of operations described below for continuing operations reflect the patent acquisition and monetization business and the results from discontinued operations reflect the results from the Company's prior businesses separately.

Results of operations for the years ended December 31, 2013 and 2012

Revenue. Revenue increased by \$3,418,371 to \$3,418,371 in the year ended December 31, 2013 compared to no revenue in the prior year. The increase resulted from the company generating revenue in the patent monetization business that was entered into in late 2012 and therefore did not generate revenue in that year. The \$3,418,371 in revenue in 2013 is comprised of cash based revenue of \$1,718,371 and non-cash revenue of \$1,700,000. The non-cash revenue is the value of patents acquired by the Company in lieu of cash in two transactions that closed during the year.

Direct costs of revenue. Direct costs of revenue increased by \$957,040 in the year ended December 31, 2013 compared to no direct costs of revenue in the prior year. Direct costs of revenue include contingent payments to patent enforcement legal costs, patent enforcement advisors and inventors. Direct costs of revenue also includes various non-contingent costs associated with enforcing the Company's patent rights and otherwise in developing and entering into settlement and licensing agreements that generate the Company's revenue. Such costs include other legal fees and expenses, consulting fees, data management costs and other costs.

Amortization of patents. Amortization of patents increased by \$1,029,372 to \$1,038,505 in the year ended December 31, 2013 from \$8,773 in the comparable year 2012. When the Company acquires patents and patent rights, the Company capitalizes those assets and amortizes the costs over the remaining useful lives of the assets. The increase for the year ended December 31, 2013 over 2012 primarily reflects the amortization of patent assets acquired by the Company during that year. In 2012, only one patent portfolio was acquired.

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Compensation and related taxes. Compensation expense increased by \$320,591 to \$2,997,053 in the year ended December 31, 2013 compared to \$2,676,462 in the prior year. Compensation expense includes cash compensation and related payroll taxes and benefits, and also non-cash compensation. The increase in total compensation costs for the year ended December 31, 2013 reflected an increase in the cash compensation of \$1,273,296, which increase was largely offset by a reduction in non-cash compensation of \$952,705 in the year ended December 31, 2013 compared to the prior year. The increase in cash compensation primarily reflects an increase in headcount to six in the year ended December 31, 2013 from two in the prior year. The reduction in non-cash compensation reflects a lower level of non-cash compensation for employees in 2013 from that in the prior year, which had included a higher level of non-cash compensation for executives who have since terminated. Non-cash compensation for the years ended December 31, 2013 and 2012 was \$1,493,512 and \$2,446,217 respectively.

Consulting fees. Consulting fees decreased by \$1,140,458 to \$901,686 for the year ended December 31, 2013 compared to \$2,042,144 in the year ended December 31, 2012. Consulting fees include both cash and non-cash related consulting fees primarily for investor relations and public relations services but also for other consulting services. The decrease in consulting fees in the year ended December 31, 2013 compared to the prior year was due entirely to a decrease in non-cash consulting fees. Non-cash consulting fees for the years ended December 31, 2013 and 2012 were \$613,303 and \$1,791,882 respectively.

Professional fees. Professional fees increased by \$145,090 to \$655,202 in the year ended December 31, 2013 compared to \$510,112 in the year ended December 31, 2012. Professional fees primarily reflect the costs of professional outside accounting fees, legal fees and audit fees. The increase in professional fees for the year ended December 31, 2013 over that of the prior year are predominately related to professional outside accounting fees and audit fees resulting from a substantially higher level of activity in the Company's continuing patent acquisition and monetization operations and also a higher level of activity as a public company. For the year ended December 31, 2013 and 2012, professional fees included stock based compensation of \$59,620 and \$198,287 respectively.

General and administrative. General and administrative expenses increased by \$240,867 to \$544,338 in the year ended December 31, 2013 compared to \$303,471 in the prior year. General and administrative expenses reflect the other operating costs of the Company and include travel, certain public relations costs and other expenses related to being a public company, rent and other expenses incurred to support the operations of the Company. The increase in general and administrative costs in the year ended December 31, 2013 over those of the prior year resulted from increased rent, internet access, telephone and other operating expenses during the year ended December 31, 2013 over that of the prior year.

Operating loss from continuing operations. The operating loss from continuing operations decreased by \$1,865,509 to \$3,675,453 in 2013 from \$5,540,962 in 2012 as a result of the increase in revenue during 2013, which more than off-setting the increase in operating expenses in 2013 over that of 2012.

Other income (expenses). Other income (expenses) decreased by \$125,000 to zero in 2013 from \$125,000 in 2012. The other income in 2012 was a non-recurring consulting fee received by the Company that was not related to the Company's continuing business activities.

Realized loss other than temporary decline – marketable securities available for sale. The realized loss in this category decreased by \$73,681 in 2013 to \$38,819 from \$112,500 in 2012, reflecting a lower level of sales of marketable securities due in part to a lower level of Company investment in marketable securities available for sale during 2013. The lower level of such securities reflects the Company's current operating plan that does not include investing in marketable securities as a significant part of that plan.

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Interest income and interest expense. Interest income increased by \$574 as a result of higher average cash balances during 2013 compared to those in 2012. Interest expense increased by \$922 as a result of higher financing costs related to operating expenses.

Income (loss) from discontinued operations, net of tax. In 2013, the Company realized income from discontinued operations of \$263,460 compared to a loss from discontinued operations in 2012 of \$1,410,671. The income in 2013 reflects a higher level of income from concluding the disposition of the discontinued operations over the estimated net realizable value of those assets when the decision to discontinue them was made in the prior year.

Net loss attributable to non-controlling interest. The loss attributable to non-controlling interest decreased by \$10,496 to zero in the year ended December 31, 2013 from \$10,496 in the prior year as a result of there being no operational activity occurring in that subsidiary during 2013.

Loss attributable to Marathon Patent Group, Inc. The loss attributable to Marathon Patent Group, Inc. decreased by \$3,477,477 to \$3,450,335 in the year ended December 31, 2013 from \$6,927,812 in the prior year. The decrease resulted from the increase in revenue plus the reduction in the loss from discontinued operations more than off-setting the increase in operating expenses plus the net increase in other expenses.

Loss per common share, basic and diluted. The Company reported a decrease in the net loss per share of \$1.74 to \$.75 for the year ended December 31, 2013 from \$2.49 in the prior year. The decrease in the net loss per share reflected both the beneficial effect of the decrease in the net loss attributable to Marathon Patent Group, Inc. plus the beneficial effect of an increase in the weighted-average number of shares outstanding to 4,604,193 from 2,787,593. The increase in the number of weighted-average shares outstanding reflects increases in shares outstanding resulting from shares issued in connection with certain non-cash compensation arrangements plus the issuance of new shares in connection with the Company's private placement financing.

Liquidity and Capital Resources

At December 31, 2013, the Company's cash and cash equivalents balances totaled \$3,610,262 compared to \$2,354,169 at December 31, 2012. The increase in the cash balances of \$1,256,093 resulted primarily from cash received during the year from cash based revenue recorded in the year plus the net funds from financings exceeding the increase in cash operating expenses for the year. Other balance sheet changes also contributed to the change in cash.

During the year ended December 31, 2013, the Company raised net proceeds of \$5,777,596 from the sale of equity securities in a private placement.

Net working capital increased by \$1,452,509 to \$3,853,834 at December 31, 2013 from \$2,401,325 at December 31, 2012. The increase in net working capital resulted primarily from the aggregate increase in cash receipts from cash based revenue plus net proceeds of financing plus an increase in net accounts receivable of \$270,000 plus an increase in prepaid expenses of \$712,598 more than off-setting an increase in accounts payable and accruals of \$697,787.

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Cash used in operating activities increased by \$258,066 to \$1,519,470 in the year ended December 31, 2013 from \$1,261,404 in the prior year. The full benefit of a reduction in net loss of \$3,477,477 from 2012 to 2013, which included an increase in amortization expense of \$1,029,732 and reduction in non-cash stock based compensation and consulting fees, was more than offset by increased non-cash revenue and other operating items for a net increase in cash used of \$258,066.

Cash used in investing activities increased by \$1,144,463 to \$3,002,033 in the year ended December 31, 2013 from \$1,860,570 in the prior year. The increase is primarily due to an increase in cash used for the acquisition of patents and also the acquisition of CyberFone during the year ended December 31, 2013.

Cash provided by financing activities increased by \$430,605 to \$5,777,596 for the year ended December 31, 2013 from \$5,346,991 in the prior year. The increase resulted from the reduction in cash used for the repayment of notes, which occurred in 2012, reduced in part by a lower level of proceeds from the sale of common stock sold in 2013 as compared to 2012.

Management believes that the balance of cash and cash equivalents of \$3,610,262 at December 31, 2013 is sufficient to continue to fund the Company's current operations at least through March 2015. However, the Company's operations are subject to various risks and there is no assurance that changes in the operations of the Company will not require the Company to raise additional cash sooner than planned in order to continue uninterrupted operations. In that event, the Company would seek to raise additional capital from the sale of the Company's securities, from borrowing or from other sources. Should the Company seek to raise capital from the issuances of its securities, such transactions would be subject to the risks of the market for the Company's securities at the time.

Off-Balance Sheet Arrangements

None.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Marathon Patent Group, Inc. and Subsidiaries
(Formerly American Strategic Minerals Corporation)

We have audited the accompanying consolidated balance sheets of Marathon Patent Group, Inc. and Subsidiaries (the "Company") (Formerly American Strategic Minerals Corporation) as of December 31, 2013 and 2012 and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marathon Patent Group, Inc. and Subsidiaries (Formerly American Strategic Minerals Corporation) as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, in conformity with U.S. generally accepted accounting principles.

/s/ KBL, LLP
New York, New York
March 31, 2014

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	\$ 3,610,262	\$ 2,354,169
Accounts receivable - net	270,000	-
Marketable securities - available for sale securities	6,250	12,500
Prepaid expenses and other current assets	752,931	40,333
Assets of discontinued operations - current portion	-	82,145
Total current assets	<u>4,639,443</u>	<u>2,489,147</u>
Other assets:		
Property and equipment, net	13,640	-
Intangible assets, net	6,157,659	492,152
Goodwill	2,144,488	-
Assets of discontinued operations - long term portion	-	1,035,570
Total other assets	<u>8,315,787</u>	<u>1,527,722</u>
Total Assets	<u>\$ 12,955,230</u>	<u>\$ 4,016,869</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 754,945	\$ 57,158
Liabilities of discontinued operations	30,664	30,664
Total liabilities	<u>785,609</u>	<u>87,822</u>
Stockholders' Equity:		
Preferred stock, \$.0001 par value, 50,000,000 shares authorized: none issued and outstanding	-	-
Common stock, (\$.0001 par value; 200,000,000 shares authorized; 5,489,593 and 3,503,565 issued and outstanding at December 31, 2013 and December 31, 2012	549	352
Additional paid-in capital	22,673,287	10,976,325
Accumulated other comprehensive loss - marketable securities available for sale	(6,250)	-
Accumulated deficits	<u>(10,487,469)</u>	<u>(7,037,134)</u>
Total Marathon Patent Group, Inc. equity	12,180,117	3,939,543
Non-controlling interest in subsidiary	<u>(10,496)</u>	<u>(10,496)</u>
Total stockholders' equity	<u>12,169,621</u>	<u>3,929,047</u>
Total liabilities and stockholders' equity	<u>\$ 12,955,230</u>	<u>\$ 4,016,869</u>

See accompanying notes to consolidated financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31, 2013	For the year ended December 31, 2012
Revenue	\$ 3,418,371	\$ -
Operating expenses		
Direct costs of revenue	957,040	-
Amortization of patents	1,038,505	8,773
Compensation and related taxes	2,997,053	2,676,462
Consulting fees	901,686	2,042,144
Professional fees	655,202	510,112
General and administrative	544,338	303,471
Total operating expenses	<u>7,093,824</u>	<u>5,540,962</u>
Operating loss from continuing operations	<u>(3,675,453)</u>	<u>(5,540,962)</u>
Other income (expenses)		
Other income	-	125,000
Realized loss other than temporary decline - available for sale	(38,819)	(112,500)
Interest income	1,552	978
Interest expense	(1,075)	(153)
Total other income (expenses)	<u>(38,342)</u>	<u>13,325</u>
Loss from continuing operations before provision for income taxes	(3,713,795)	(5,527,637)
Provision for income taxes	-	-
Loss from continuing operations	(3,713,795)	(5,527,637)
Discontinued operations:		
Income (loss) from discontinued operations, net of tax	263,460	(1,410,671)
Net loss	(3,450,335)	(6,938,308)
Less: Net loss attributable to non-controlling interest	-	10,496
Net loss attributable to Marathon Patent Group, Inc.	<u>\$ (3,450,335)</u>	<u>\$ (6,927,812)</u>
Loss per common share, basic and diluted:		
Loss from continuing operations	\$ (0.81)	\$ (1.98)
Loss from discontinued operations	0.06	(0.51)
	<u>\$ (0.75)</u>	<u>\$ (2.49)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - Basic and Diluted	<u>4,604,193</u>	<u>2,787,593</u>

See accompanying notes to consolidated financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the year ended December 31, <u>2013</u>	For the year ended December 31, <u>2012</u>
Net loss attributable to Marathon Patent Group, Inc.	\$ (3,450,335)	\$ (6,927,812)
Other comprehensive loss:		
Unrealized loss on investment securities, available for sale	<u>(6,250)</u>	<u>-</u>
Comprehensive loss attributable to Marathon Patent Group, Inc.	<u>\$ (3,456,585)</u>	<u>\$ (6,927,812)</u>

See accompanying notes to consolidated financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock \$0.0001 Par Value		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balance at January 1, 2012	769,231	\$ 77	\$ 4,923	\$ (109,322)	\$ -	\$ -	\$ (104,322)
Recapitalization of the Company	576,923	58	3,342	-	-	-	3,400
Common stock issued for cash	1,034,613	103	6,511,862	-	-	-	6,511,965
Common stock issued for advance payable	15,385	2	99,998	-	-	-	100,000
Common stock issued for legal services	28,846	3	164,997	-	-	-	165,000
Common stock issued pursuant to an option agreement	769,231	77	923	-	-	-	1,000
Common stock issued for compensation	6,401	1	33,286	-	-	-	33,287
Common stock issued for exercise of warrants on a cashless basis	345,756	35	(35)	-	-	-	-
Common stock issued for acquisition of patents	711,538	71	854	-	-	-	925
Stock-based compensation in connection with warrants granted to employees and consultants	-	-	4,238,100	-	-	-	4,238,100
Cancellation of common stock in connection with rescission agreement	(754,359)	(75)	(131,925)	-	-	-	(132,000)
Proceeds from disgorgement of former officer short swing profits	-	-	50,000	-	-	-	50,000
Net loss	-	-	-	(6,927,812)	-	(10,496)	(6,938,308)
Balance at December 31, 2012	3,503,565	352	10,976,325	(7,037,134)	-	(10,496)	3,929,047
Common stock issued for cash	1,158,654	115	5,777,481	-	-	-	5,777,596
Common stock issued in the acquisition of Cyberfone	461,538	46	2,279,954	-	-	-	2,280,000
Common stock issued for the acquisition of patents	150,000	15	718,485	-	-	-	718,500
Common stock issued for legal services	10,076	1	59,619	-	-	-	59,620
Common stock issued for services	205,760	20	1,051,215	-	-	-	1,051,235
Stock based compensation in connection with warrants issued to employees and consultants	-	-	117,796	-	-	-	117,796
Stock based compensation in connection with a restricted stock unit issued to a consultant	-	-	570,000	-	-	-	570,000
Stock based compensation in connection with options issued to employees and consultants	-	-	1,122,412	-	-	-	1,122,412
Other comprehensive loss - marketable							

securities available for sale	-	-	-	-	(6,250)	-	(6,250)
Net loss	-	-	-	(3,450,335)	-	-	(3,450,335)
Balance at December 31, 2013	<u>5,489,593</u>	<u>\$ 549</u>	<u>\$22,673,287</u>	<u>\$(10,487,469)</u>	<u>\$ (6,250)</u>	<u>\$ (10,496)</u>	<u>\$ 12,169,621</u>

See accompanying notes to consolidated financial statements.

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash flows from operating activities:		
Net loss attributable to Marathon Patent Group, Inc.	\$ (3,450,335)	\$ (6,927,812)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,360	-
Amortization of patents	1,038,505	8,773
Amortization of prepaid expense in connection with the issuance of common stock issued for prepaid services	269,086	-
Stock based compensation on warrants	117,796	2,723,162
Stock based compensation on options granted	1,122,412	1,514,938
Stock based compensation on common stock issuances	609,980	-
Common stock issued for services	59,620	198,287
Non-controlling interest	-	(10,496)
Non-cash revenue	(1,700,000)	-
Non-cash loss -securities available for sale	6,250	-
Non-cash other (income) loss	-	(125,000)
Gain on sale of assets- securities available for sale	(168,216)	-
Realized loss - securities available for sale	38,819	112,500
Impairment of mineral rights	-	1,256,000
Impairment of assets of discontinued operations	-	30,248
Changes in operating assets and liabilities		
Accounts receivable	(270,000)	-
Assets of discontinued operations - current portion	82,145	(62,145)
Prepaid expenses	29,571	(36,933)
Assets of discontinued operations - long term portion	-	3,915
Increase in other comprehensive income	(6,250)	-
Accounts payable and accrued expenses	697,787	53,159
Net cash used in operating activities	(1,519,470)	(1,261,404)
Cash flows from investing activities:		
Acquisition of mineral rights	-	(325,000)
Acquisition of patents	(3,150,000)	(500,000)
Note receivable - related party	-	(147,708)
Collection on note receivable - related party	-	147,708
Purchase of property and equipment	(17,000)	-
Proceeds received from the sale of marketable securities	129,397	-
Sale of real estate property (discontinued operations)	1,052,320	576,477
Acquisition of real estate property	-	(1,366,627)
Acquisition of CyberFone	(1,000,000)	-
Capitalized cost related to improvements of real estate property (discontinued operations)	(16,750)	(245,420)
Net cash used in investing activities	(3,002,033)	(1,860,570)
Cash flows from financing activities:		
Proceeds from the issuance of a note in connection with acquisition of patents	500,000	-
Payment on note payable	-	(930,000)
Payment on note payable - related party	-	(152,974)
Payment on note payable in connection with the acquisition of patents	(500,000)	-
Payment in connection with the cancellation of stock and rescission agreement	-	(132,000)
Proceeds from disgorgement of former officer short swing profits	-	50,000
Proceeds from sale of common stock, net of issuance costs	5,777,596	6,511,965
Net cash provided by financing activities	5,777,596	5,346,991
Net increase in cash	1,256,093	2,225,017
Cash at beginning of period	2,354,169	129,152
Cash at end of period	\$ 3,610,262	\$ 2,354,169

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ 1,075	\$ 153
Income taxes	\$ -	\$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Issuance of common stock for advances payable	\$ -	\$ 100,000
Assumption of prepaid assets upon exercise of option agreement	\$ -	\$ 43,157
Assumption of accounts payable upon exercise of option agreement	\$ -	\$ 30,664
Issuance of a note payable in connection with an option agreement	\$ -	\$ 930,000
Issuance of common stock in connection with an option agreement	\$ -	\$ 1,000
Common stock issued for acquisition of patents	\$ 718,500	\$ 925
Common stock issued in connection with the acquisition of Cyberfone Systems, LLC	\$ 2,280,000	\$ -
Common stock issued for prepaid services	\$ 441,247	\$ -
Acquisition of patents in connection with a non-cash settlement	\$ 1,700,000	\$ -

See accompanying notes to consolidated financial statements.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Marathon Patent Group, Inc. (the “Company”), formerly American Strategic Minerals Corporation, was incorporated under the laws of the State of Nevada on February 23, 2010.

Our business is to acquire patents and patent rights and to monetize the value of those assets to generate revenue and profit for the Company. We acquire patents and patent rights from their owners, who range from individual inventors to Fortune 500 companies. Part of our acquisition strategy is to acquire patents and patent rights that cover a wide-range of subject matter, which allows us to achieve the benefits of a growing diversified portfolio of assets. Generally, the assets we acquire are characterized by having large identifiable companies who are or have been using technology that infringes on our patent rights. We generally monetize our portfolio of assets by initiating enforcement activities against any infringing parties with the objective of entering into a standard form of comprehensive settlement and license agreement that may include the granting of non-exclusive retroactive and future rights to use the patented technology, a covenant not to sue, a release of the party from certain claims, the dismissal of any pending litigation and other terms that are appropriate in the circumstances. Our strategy has been developed with the expectation that it will result in a long-term, diversified revenue stream for the Company.

On December 7, 2011, the Company changed its name to “American Strategic Minerals Corporation” from “Verve Ventures, Inc.”, and increase the Company’s authorized capital to 200,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of preferred stock, par value \$0.0001 per share. During June 2012, the Company discontinued its exploration and potential development of uranium and vanadium minerals business. In November 2012, the Company discontinued its real estate business.

On August 1, 2012, the shareholders holding a majority of the Company’s voting capital voted in favor of (i) changing the name of the Company to “Fidelity Property Group, Inc.” and (ii) the adoption the 2012 Equity Incentive Plan and reserving 10,000,000 shares of common stock for issuance thereunder (the “2012 Plan”). The board of directors of the Company (the “Board of Directors”) approved the name change and the adoption of the 2012 Plan on August 1, 2012. The Company did not file an amendment to its Articles of Incorporation with the Secretary of State of Nevada and subsequently abandoned the decision to adopt the “Fidelity Property Group, Inc.” name.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

On October 1, 2012, the shareholders holding a majority of the Company's voting capital had voted and authorized the Company to (i) change the name of the Company to Marathon Patent Group, Inc. (the "Name Change") and (ii) effectuate a reverse stock split of the Company's common stock by a ratio of 3-for-2 (the "Reverse Split") within one year from the date of approval of the stockholders of the Company. The Board of Directors approved the Name Change and the Reverse Split on October 1, 2012. The Board of Directors determined the name "Marathon Patent Group, Inc." better reflects the long-term strategy in exploring other opportunities and the identity of the Company going forward. On February 15, 2013, the Company filed the Certificate of Amendment with the Secretary of State of the State of Nevada in order to effectuate the Name Change. On May 31, 2013, shareholders of record holding a majority of the outstanding voting capital of the Company approved a reverse stock split of the Company's issued and outstanding common stock by a ratio of not less than one-for-five and not more than one-for-fifteen at any time prior to April 30, 2014, with such ratio to be determined by the Company's Board of Directors, in its sole discretion. On June 24, 2013, the reverse stock split ratio of one (1) for thirteen (13) basis was approved by the Board of Directors. On July 18, 2013, the Company filed a certificate of amendment to its Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada in order to effectuate a reverse stock split of the Company's issued and outstanding common stock, par value \$0.0001 per share on a one (1) for thirteen (13) basis. All share and per share values for all periods presented in the accompanying consolidated financial statements are retroactively restated for the effect of the reverse stock split.

On January 26, 2012, the Company entered into a Share Exchange Agreement (the "Exchange Agreement") with American Strategic Minerals Corporation, a Colorado corporation ("Amicor") and the shareholders of Amicor (the "Amicor Shareholders"). Upon closing of the transaction contemplated under the Exchange Agreement (the "Share Exchange"), on January 26, 2012, the Amicor Shareholders transferred all of the issued and outstanding capital stock of Amicor to the Company in exchange for an aggregate of 769,231 post-split (10,000,000 pre-split) shares of the common stock of the Company. The Share Exchange caused Amicor to become a wholly-owned subsidiary of the Company.

Additionally, as further consideration for entering into the Exchange Agreement, certain Amicor Shareholders received ten-year warrants to purchase an aggregate of 461,538 post-split (6,000,000 pre-split) shares of the Company's common stock with an exercise price of \$6.50 post-split (\$0.50 pre-split) per share. Prior to acquisition by the Company, Amicor owned certain mining and mineral rights.

Amicor, formerly Nuclear Energy Corporation, was incorporated under the laws of the State of Colorado on April 30, 2011. Amicor owns mining leases of federal unpatented mining claims and leases private lands in the states of Utah and Colorado for the purpose of exploration and potential development of uranium and vanadium minerals.

Prior to the Share Exchange, the Company was a shell company with no business operations.

The Share Exchange was accounted for as a reverse-merger and recapitalization. Amicor was the acquirer for financial reporting purposes and the Company was the acquired company. Consequently, the assets and liabilities and the operations reflected in the historical financial statements prior to the Share Exchange were those of Amicor and were recorded at the historical cost basis of Amicor, and the consolidated financial statements after completion of the Share Exchange included the assets and liabilities of the Company and Amicor, historical operations of Amicor and operations of the Company from the closing date of the Share Exchange.

On June 11, 2012, the Company terminated various leases related to its uranium mining claims (the "Claims"), consisting of: the Cutler King Property (3 unpatented mining claims); "Centennial-Sun Cup" (42 unpatented mining claims); "Bull Canyon" (2 unpatented mining claims); "Martin Mesa" (51 unpatented mining claims); "Avalanche/Ajax" (8 unpatented mining claims) and "Home Mesa" (9 unpatented mining claims). The Company had acquired the Claims through the acquisition of Amicor on January 26, 2012. The decision by the Company to terminate these leases followed changes in management and direction of the Company, a review of the uranium market, and the timing and costs expected to pursue the business.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

On June 11, 2012, the Company entered into a rescission agreement (the "Rescission Agreement") with Amicor, and the Amicor Shareholders. Each of the Amicor Shareholders had previously received shares of the Company's common stock (and certain of the Amicor Shareholders also received warrants to purchase shares of the Company's common stock) (collectively, the "Shareholder Securities") pursuant to the Rescission Agreement. Each of the Amicor Shareholders, with the exception of one, agreed to return the Shareholder Securities to the Company for cancellation and to enter into joint mutual releases with the Company. Furthermore, pursuant to the terms of the Rescission Agreement, George Glasier resigned from his position as President, Chief Executive Officer and Chairman of the Company; Kathleen Glasier resigned from her position as Secretary of the Company, Michael Moore resigned from his position as Chief Operating Officer and Vice President of the Company and each of David Andrews and Kyle Kimmerle resigned from their position as a director of the Company. As a result of the foregoing, the Company cancelled 754,359 post-split (9,806,667 pre-split) shares of the Company's common stock and 369,231 post-split (4,800,000 pre-split) warrants and terminated the mining leases entered into with the Amicor Shareholders. Additionally, the Company paid an aggregate of \$132,000 to Amicor Shareholders upon the execution of the Rescission Agreement.

Under the terms of the Rescission Agreement, upon Mr. Glasier's resignation, the Company's employment agreement with Mr. Glasier was terminated and all options, warrants and rights to acquire any shares of the Company's common stock, whether vested or unvested, were terminated as of the date of the Rescission Agreement. Additionally, under the terms of the Rescission Agreement, the Company's lease for certain office space, dated as of January 26, 2012 with Silver Hawk Ltd., an entity owned and controlled by George Glasier and Kathleen Glasier, was terminated.

On June 11, 2012, the Company and Pershing Gold Corporation ("Pershing") exercised its right under the Option Agreement executed in January 2012, through the assignment of Pershing's wholly owned subsidiary, Continental Resources Acquisition Sub, Inc. ("Acquisition Sub"). As a result of the assignment, Acquisition Sub became a wholly owned subsidiary of the Company and the Company acquired all of Pershing's uranium assets.

On November 14, 2012, the Company entered into a Share Exchange Agreement (the "Sampo Exchange Agreement") with Sampo IP LLC, a Virginia limited liability company ("Sampo"), a company that owns a portfolio of patents, and the members of Sampo (the "Sampo Members"). Upon closing of the transaction contemplated under the Sampo Exchange Agreement (the "Sampo Share Exchange"), on November 14, 2012, the Sampo Members (6 members) transferred all of the issued and outstanding membership interests of Sampo to the Company in exchange for an aggregate of 711,538 post-split (9,250,000 pre-split) shares of the common stock of the Company. Additionally, the Company made a cash payment to Sampo of \$500,000 pursuant to the terms of the Sampo Exchange Agreement.

Upon the closing of the Sampo Share Exchange, Mark Groussman resigned as the Company's Chief Executive Officer and John Stetson resigned as the Company's President and Chief Operating Officer and simultaneously with the effectiveness of the Sampo Share Exchange, Doug Croxall was appointed as the Company's Chief Executive Officer and Chairman and John Stetson was appointed as the Company's Chief Financial Officer and Secretary. LVL Patent Group LLC, of which Mr. Croxall is the Chief Executive Officer, and John Stetson, were former members of Sampo and received 307,692 post-split (4,000,000 pre-split) and 38,462 post-split (500,000 pre-split) shares of the Company's common stock, respectively, in connection with the Sampo Share Exchange.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

On March 6, 2013, the Company entered into an Asset Purchase Agreement (the “Augme Agreement”) with Augme Technologies (“Seller”) whereby Seller agreed to sell to the Company certain office equipment, data, documentation, and business information related to the Seller’s business and assign agreements and prospective clients and business opportunities to the Company. In consideration for the assets and assigned agreements, the Company paid \$10,000 at closing and provides litigation assistance as defined in the Agreement. As additional consideration, the Company also entered into a 2 year Service Agreement (the “Service Agreement”) with the Seller whereby the Seller shall engage the Company to provide consulting services including patent litigation matters, sale, license involving the Seller’s intellectual property and general consulting services to continue the Seller’s business operations. The Company recorded the \$10,000 payment which was primarily attributable to property and equipment. Additionally, the Company assumed an office lease agreement that expired in July 2013.

On April 16, 2013, the Company through its subsidiary, Relay IP, Inc. acquired a US patent for \$350,000.

On April 22, 2013, CyberFone Acquisition Corp. (“Acquisition Corp.”), a Texas corporation and newly formed wholly owned subsidiary of the Company entered into a merger agreement (the “CyberFone Agreement”) with CyberFone Systems LLC, a Texas limited liability company (“CyberFone Systems”), TechDev Holdings LLC (“TechDev”) and The Spangenberg Family Foundation for the Benefit of Children’s Healthcare and Education (“Spangenberg Foundation”). TechDev and Spangenberg Foundation owned 100% of the membership interests of CyberFone Systems (collectively, the “CyberFone Sellers”). In the transaction, the Company acquired 10 US patents, 27 foreign patents and 1 patent pending from CyberFone Systems valued at \$1,135,512 (see note 3).

On May 6, 2013, in connection with the closing of a settlement and license agreement, the Company agreed to settle and release a certain defendant for past and future use of the Company’s patents. The defendant agreed to assign and transfer 3 US patents and rights valued at \$1,000,000 in lieu of an additional cash payment, which amount has been included in the Company’s revenue during the year ended December 31, 2013.

In September 2013, the Company acquired 14 US patents for a total purchase price of \$1,100,000.

On November 13, 2013, the Company acquired four patents for 150,000 shares of the Company’s common stock, which the Company valued at \$718,500 based on the fair market value of the stock issued.

On December 16, 2013, the Company acquired certain patents from Delphi Technologies, Inc. for \$1,700,000 pursuant to a Patent Purchase Agreement entered into on October 31, 2013 and Amended on December 16, 2013.

On December 22, 2013, in connection with a settlement and license agreement, the Company agreed to settle and release another defendant for past and future use of the Company’s patents, whereby the defendant agreed to assign and transfer 2 US patents and rights to the Company. The Company valued the two patents at an aggregate of \$700,000 and included that amount in revenue during the year ended December 31, 2013.

Going Concern in Prior Years

Prior to 2013, the Company’s independent auditor’s determined that there was substantial doubt about the ability of the Company to continue as a going concern and issued an audit opinion reflecting that assessment. The key reasons for their conclusion included the fact that the Company had changed businesses several times in a short period; lacked management experience in the businesses; was unable to generate revenue from these businesses and, generally, was not able to show that the Company was capable of a sustained, revenue generating business and the capital sufficient to sustain operations.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

The Company made the decision to discontinue its prior businesses and focus on the patent acquisition and monetization business. In late 2012, the Company acquired certain patent assets and hired new management with experience and a track record in the patent acquisition and licensing business. Management immediately implemented its plan for acquiring patents and patent rights and enforcing those rights to generate revenue and profit. During 2013, the Company continued to execute on its plan throughout the year by acquiring eight additional patent portfolios, generating a total of \$3.4 million in revenue including cash revenue of \$1.7 million; raising \$5.8 million in new equity capital; establishing a reasonable level of liquidity in the Company's stock and completed its management team to support sustained growth and revenue generation. Due to the positive changes in the operations of the Company, the Company's ability to meet the requirements for sustained operations and its cash position at December 31, 2013, the Company's independent auditors have determined that issuing an opinion with a going concern uncertainty is no longer needed and, therefore, have issued an unqualified opinion on the Company's financial statements for the year ended December 31, 2013 with no uncertainty.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and present the consolidated financial statements of the Company and its wholly owned and majority owned subsidiaries as of December 31, 2013. In the preparation of consolidated financial statements of the Company, intercompany transactions and balances are eliminated.

Development Stage Company in Prior Years

Prior to 2013, the Company was a development stage company in accordance with Accounting Standards Codification ("ASC") Topic 915, "Development Stage Entities." During that time, the prior management spent time organizing the business, developing plans, working to raise capital and undertook limited activities in several different businesses but did not generate revenue or profits from those businesses and did not build a significant, sustainable level of operations in any particular business.

In November 2012, the situation changed with the Company by making the decision to enter the business of acquiring patents and patent rights and monetizing the value of those assets through a plan of engaging in multiple enforcement campaigns, acquired an initial portfolio of patents, hired new executive management experienced in the patent monetization business, and commenced operations in that business. During 2013, the Company continued to execute its plan, acquired eight additional portfolios, including two from its enforcement activities, generated revenue from that business in each of the last three quarters aggregating to \$3,418,371 (including the value of the two portfolios from its enforcement activities), built out its management team for sustained operations, and raised \$5,777,506 of new capital. As a result of this operating performance, management believes that during the fourth quarter of 2013, the Company emerged from being a development stage company and became an established company. Accordingly, the financial statements for the year ended December 31, 2013 are presented as those of an operating company.

MARATHON PATENT GROUP, INC.
(FORMERLY AMERICAN STRATEGIC MINERALS CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

Use of Estimates and Assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate fair value of warrants and options granted, common stock issued for services, and common stock issued in connection with an option agreement and common stock issued for the acquisition of patents.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with maturity of three months or less, when purchased, to be cash equivalents. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. For the years ended December 31, 2013 and 2012, the Company's bank balances exceeded the FDIC insurance limit. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

Accounts Receivable

The Company has a policy of reserving for accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the bad debt expense after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2013 and 2012, the Company had recorded an allowance for bad debts in the amount of \$57,050 and \$0, respectively. Net accounts receivable at December 31, 2013 and 2012, were \$270,000 and \$0, respectively.

Concentration of Revenue and Geographic Area

Revenue from the Company's patent enforcement activities is considered United States revenue as any payments for licenses included in that revenue are for United States operations irrespective of the location of the licensee's or licensee's parent home domicile. As of December 31, 2013, two customers accounted for 100% of the Company's net accounts receivable. Revenues from two customers accounted for approximately 55% of the Company's revenue for the year ended December 31, 2013. There were no revenues in 2012.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 605, "Revenue Recognition". Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) all obligations have been substantially performed, (iii) amounts are fixed or determinable and (iv) collectability of amounts is reasonably assured.

The Company considers the revenue generated from its settlement and licensing agreements as one unit of accounting under ASC 605-25, "Multiple-Element Arrangements" as the delivered items do not have value to customers on a standalone basis, there are no undelivered elements and there is no general right of return relative to the license. Under ASC 605-25, the appropriate recognition of revenue is determined for the combined deliverables as a single unit of accounting and revenue is recognized upon delivery of the final elements, including the license for past and future use and the release.

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Also, due to the fact that the settlement element and license element for past and future use are the Company's major central business, the Company presents these two elements as one revenue category in its statement of operations. The Company does not expect to provide licenses that do not provide some form of settlement or release. Revenue from patent enforcement activities accounted for 100% of the Company's revenues for the year ended December 31, 2013.

Prepaid Expenses

Prepaid expenses of \$752,931 and \$40,333 at December 31, 2013 and 2012, respectively, consist primarily of costs paid for future services that will occur within a year. Prepaid expenses include prepayments in cash and in equity instruments for investor relations public relations services, business advisory, other consulting and prepaid insurance, all of which assets are being amortized over the terms of their respective agreements.

Marketable Securities

Marketable securities that the Company invests in publicly traded equity securities and are generally restricted for sale under Federal securities laws. The Company's policy is to liquidate securities received when market conditions are favorable for sale. Since these securities are often restricted, the Company is unable to liquidate them until the restriction is removed. Pursuant to ASC Topic 320, "Investments – Debt and Equity Securities" the Company's marketable securities have a readily determinable and active quoted price, such as from NASDAQ, NYSE Euronext, the Over the Counter Bulletin Board, and the OTC Markets Group.

Available for sale securities are carried at fair value, with changes in unrealized gains or losses are recognized as an element of comprehensive income based on changes in the fair value of the security. Once liquidated, realized gains or losses on the sale of marketable securities - available for sale, are reflected in the net income (loss) for the period in which the security was liquidated.

Related Party Transaction

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

On November 14, 2012, upon the closing of the Sampo Share Exchange, LVL Patent Group LLC, in which Mr. Croxall, our Chief Executive Officer, was also the Chief Executive Officer of LVL Patent Group LLC. and John Stetson, were former members of Sampo, received 307,692 and 38,461 shares of the Company's common stock, respectively, in connection with the Sampo Share Exchange.

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Comprehensive Income

Accounting Standards Update (“ASU”) No. 2011-05 amends Financial Accounting Standards Board (“FASB”) Codification Topic 220 on comprehensive income (1) to eliminate the current option to present the components of other comprehensive income (loss) in the statement of changes in equity, and (2) to require presentation of net income (loss) and other comprehensive income (loss) (and their respective components) either in a single continuous statement or in two separate but consecutive statements. These amendments do not alter any current recognition or measurement requirements in respect of items of other comprehensive income. The amendments in this Update are to be applied prospectively.

Fair Value of Financial Instruments

The Company adopted FASB ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing US GAAP that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s financial position or operating results, but did expand certain disclosures. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

Investment measured at fair value on a recurring basis at December 31, 2013:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable securities – available for sale, net of discount for effect of market illiquidity.	\$ -	\$ -	\$ 6,250

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Investment measured at fair value on a recurring basis at December 31, 2012:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable securities – available for sale, net of discount for effect of the lack of registration of the securities	\$ -	\$ -	\$ 12,500

At December 31, 2013, the Company classifies the investments in marketable securities available for sale as Level 3, adjusted for the effect of market illiquidity. The securities could not readily be resold by the Company without adversely affecting the market price of the security. At December 31, 2012, the Company classified the investments in marketable securities available for sale as Level 3, adjusted for the lack of registration of the securities under the Securities Act of 1933, as amended (the "Securities Act") or the availabilities of an exemption from the registration requirements under the Securities Act. Until such time as the securities are registered or until such restriction otherwise lapses, the Company is unable to sell them in the market. Unrealized gains or losses on marketable securities available for sale are recognized as an element of comprehensive income based on changes in the fair value of the security. Once liquidated, realized gains or losses on the sale of marketable securities available for sale are reflected in our net income for the period in which the security was liquidated.

The carrying amounts reported in the balance sheet for cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses, approximate their estimated fair market value based on the short-term maturity of these assets and liabilities..

In addition, FASB ASC 825-10-25 "Fair Value Option" was effective for January 1, 2008. ASC 825-10-25 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value.

The Company has recorded unrealized loss of \$6,250 as an element of comprehensive income during the year ended December 31, 2013.

In July 2013, the Company assigned its rights and interest in a mining lease agreement to an unrelated company. In consideration for the assignment of lease agreement, the unrelated company issued 1,293,967 of its shares (the "Unrelated Company Shares") to the Company. At the time of issuance, the Company valued the Unrelated Company Shares and recorded the cost of investment at the fair market value (based on the sale of its shares in a private placement) of the shares at \$0.13 per share or \$168,216 and was recorded as a gain from sale of assets of discontinued operations (see Note 4) during the year ended December 31, 2013. In September 2013, the Company sold the Unrelated Company Shares and generated proceeds of \$129,397. The decrease in fair value of \$38,819 has been recorded as a realized loss in the statement of operations for the year ended December 31, 2013.

Accounting for Acquisitions

In the normal course of its business, the Company makes acquisitions of patent assets and may also make acquisitions of businesses. With respect to each such transaction, the Company evaluates facts of the transaction and follows the guidelines prescribed in accordance with ASC 805 – Business Combinations to determine the proper accounting treatment for each such transaction and then records the transaction in accordance with the conclusions reached in such analysis. The Company performs such analysis with respect to each material acquisition within the consolidated group of entities.

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Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of the ASC 740-10 related to Accounting for Uncertain Income Tax Position. When tax returns are filed, it is highly certain that some positions taken would be situated upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is most likely that not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25 Definition of Settlement, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax position considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Basic and Diluted Net Loss per Share

Net loss per common share is calculated in accordance with ASC Topic 260: Earnings Per Share ("ASC 260"). Basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. The computation of diluted net loss per share does not include dilutive common stock equivalents in the weighted average shares outstanding as they would be anti-dilutive. As of December 31, 2013, the Company has 708,260 warrants outstanding and 1,338,076 common stock purchase options outstanding, all of which were excluded from the computation of diluted shares outstanding as they would have had an anti-dilutive impact on the Company's net loss per share computation. In addition, as of December 31, 2013, the Company has outstanding a Restricted Stock Unit ("RSU") for 100,000 shares of common stock, which RSU is also not included in the computation of basic and diluted net loss per share.

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The following table sets forth the computation of basic and diluted loss per share:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Numerator:		
Loss from continuing operations	\$ (3,713,795)	\$ (5,527,637)
Income (loss) from discontinued operations	\$ 263,460	\$ (1,410,671)
Denominator:		
Denominator for basic and diluted loss per share (weighted-average shares)	4,604,193	2,787,593
Income (loss) per common share, basic and diluted:		
Loss from continuing operations	\$ (0.81)	\$ (1.98)
Income (loss) from discontinued operations	\$ 0.06	\$ (0.51)

Intangible Assets

Intangible assets include patents purchased and patents acquired in lieu of cash in licensing transactions. The patents purchased are recorded based on the cost to acquire them and patents acquired in lieu of cash are recorded at their fair market value. The costs of these assets are amortized over their remaining useful lives. Useful lives of intangible assets are periodically evaluated for reasonableness and the assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

Goodwill and Other Intangible Assets

In accordance with ASC 350-30-65, "Intangibles - Goodwill and Others", the Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance relative to expected historical or projected future operating results;
2. Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge.

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The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

Impairment of Long-lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the ASC 360 "Property, Plant and Equipment". The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of long-lived assets, including mineral rights, may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated future net undiscounted cash flows expected to be generated by the asset. When necessary, impaired assets are written down to their estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The Company recorded impairment charges on its long-lived assets of \$0 during the year ended December 31, 2013 and \$1,256,000 during the year ended December 31, 2012, which impairment charge was included in loss from discontinued operations.

Stock-based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718, which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Mineral Property Acquisition and Exploration Costs

Costs of lease, exploration, carrying and retaining unproven mineral lease properties were expensed as incurred. The Company expensed all mineral exploration costs as incurred. Such expenses are included in the loss from discontinued operations and prior periods have been restated in the Company's financial statements and related footnotes to conform to this presentation. In June 2012, the Company discontinued its exploration stage gold and minerals business and currently does not hold any mining claims.

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Recent Accounting Pronouncements

In April 2013, the FASB ASU 2013-07, "Presentation of Financial Statements: Topic Liquidation Basis of Accounting". ASU 2013-07 requires an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is considered imminent when the likelihood is remote that the organization will return from liquidation and either: (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties; or (b) a plan for liquidation is being imposed by other forces. ASU 2013-07 will be effective for the Company beginning on January 1, 2014. The Company does not expect the adoption of ASU 2013-07 to have a material impact on its financial position, results of operations nor cash flows.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 provides guidance on the presentation of unrecognized tax benefits related to any disallowed portion of net operating loss carryforwards, similar tax losses, or tax credit carryforwards, if they exist. ASU 2013-11 is effective for fiscal years beginning after December 15, 2013. The adoption of ASU 2013-11 is not expected to have a material impact on the Company's consolidated financial statements.

There were other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 3 – ACQUISITION

On April 22, 2013, Acquisition Corp., a Texas corporation and newly formed wholly owned subsidiary of the Company entered into a merger agreement with CyberFone Systems, TechDev and Spangenberg Foundation. TechDev and Spangenberg Foundation owned 100% of the membership interests of CyberFone Systems.

CyberFone Systems owns a foundational patent portfolio that includes claims that provide specific transactional data processing, telecommunications, network and database inventions, including financial transactions. The portfolio consists of ten United States patents and 27 foreign patents and one patent pending. The patent rights that cover digital communications and data transaction processing are foundational to certain applications in the wireless, telecommunications, financial and other industries. IP Navigation Group LLC ("IP Nav"), a Company founded by Erich Spangenberg and associated with the CyberFone Sellers will continue to support and manage the portfolio of patents and retain a contingent participation interest in all recoveries. IP Nav provides patent monetization and support services under an existing agreement with CyberFone Systems.

Pursuant to the terms of the CyberFone Merger Agreement, CyberFone Systems merged with and into Acquisition Corp with CyberFone Systems surviving the merger as the wholly owned subsidiary of the Company (the "Merger"). The Company (i) issued 461,538 post-split (6,000,000 pre-split) shares of common stock to the CyberFone Sellers (the "Merger Shares"), (ii) paid the CyberFone Sellers \$500,000 cash and (iii) issued a \$500,000 promissory note to TechDev (the "Note"). The Company valued these common shares at the fair market value on the date of grant at \$4.94 post-split (\$0.38 pre-split) per share or \$2,280,000. The Note was non-interest bearing and was due on June 22, 2013, subject to acceleration in the event of default. The Company may prepay the Note at any time without premium or penalty. On June 21, 2013, we paid \$500,000 to TechDev in satisfaction of the note. The transaction resulted in a business combination and caused CyberFone Systems to become a wholly-owned subsidiary of the Company.

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In addition to the payments described above, within 30 days following the end of each calendar quarter (commencing with the first full calendar quarter following the calendar quarter in which CyberFone Systems recovers \$4 million from licensing or enforcement activities related to the patents), CyberFone Systems will be required to pay out a certain percentage of such recoveries.

The Company accounted for the acquisition utilizing the purchase method of accounting in accordance with ASC 805 "Business Combinations." The Company is the acquirer for accounting purposes and CyberFone Systems is the acquired company. Accordingly, the Company applied push-down accounting for the transaction and adjusted to fair value all of the assets and liabilities directly on the financial statements of the subsidiary.

The net purchase price paid by the Company was allocated to assets acquired and liabilities assumed on the records of the Company as follows:

Intangible assets	\$ 1,135,512
Goodwill	2,144,488
Net purchase price	<u>\$ 3,280,000</u>

Unaudited pro forma results of continuing operations data as if the business combination of the Company and the subsidiary had occurred on January 1, 2012 and as if the same number of shares of common stock had been issued in that transaction are as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Pro forma revenues	\$ 9,318,371	\$ 8,184,950
Pro forma income (loss) from operations	(809,760)	(2,376,224)
Pro forma net income (loss)	(848,102)	(2,362,899)
Pro forma income (loss) per share	\$ (0.18)	\$ (0.73)
Pro forma diluted income (loss) per share	\$ (0.18)	\$ (0.73)

Pro forma data does not purport to be indicative of the results that would have been obtained had these events actually occurred and is not intended to be a projection of future results.

NOTE 4 - DISCONTINUED OPERATIONS

During June 2012, the Company decided to discontinue its exploration and potential development of uranium and vanadium minerals business and prior periods have been restated in the Company's subsequent consolidated financial statements and related footnotes to conform to this presentation. Additionally, in November 2012, the Company decided to discontinue its real estate business and intends to sell and dispose its remaining real estate holdings during fiscal 2013. The Company is now engaged solely in the acquisition of patents and patent rights and the monetization of those rights through both the prosecution and licensing of its own patent portfolios and the acquisition of additional patents or partnering with others in the enforcement of their patent rights.

The remaining assets and liabilities of discontinued operations are presented in the balance sheet under the caption "Assets and Liabilities of discontinued operation" and relates to the discontinued operations of both the uranium and vanadium minerals business and real estate business. The carrying amounts of the major classes of these assets and liabilities are summarized as follows:

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	December 31, 2013	December 31, 2012
Assets:		
Deposits in real estate under contract	\$ -	\$ 82,145
	-	-
Real estate held for sale	-	1,035,570
Assets of discontinued operations	<u>\$ -</u>	<u>\$ 1,117,715</u>
Liabilities:		
Accounts payables and accrued expenses	30,664	30,664
Liabilities of discontinued operations	<u>\$ 30,664</u>	<u>\$ 30,664</u>

The following table indicates selected financial data of the Company's discontinued operations of its uranium and vanadium minerals business and real estate business.

	For the year ended December 31, 2013	For the year ended December 31, 2012
Revenues – real estate	\$ 1,270,916	\$ 724,090
Cost of sales – real estate	(1,064,320)	(576,126)
Gross profit	206,596	147,964
Operating and other non-operating expenses	(111,352)	(1,558,635)
Gain on sale of assets of discontinued operations	168,216	-
Income (loss) from discontinued operations	<u>\$ 263,460</u>	<u>\$ (1,410,671)</u>

Deposits

Deposits at December 31, 2013 and 2012 were \$0 and \$82,145, respectively, which consist of earnest money deposits in connection with real estate properties under contract and were included in assets of discontinued operations – current portion.

Real estate held for sale

Real estate held for sale consisted of residential properties located in Southern California. Real estate held for sale was initially recorded at the lower of cost or estimated fair market value less the estimated cost to sell. After acquisition, costs incurred relating to the development and improvements of property are capitalized to the extent they do not cause the recorded value to exceed the net realizable value, whereas costs relating to holding and disposition of the property are expensed as incurred. After acquisition, real estate held for sale was analyzed periodically for changes in fair values and any subsequent write down is charged to impairment losses on real estate properties. Whenever events or changes in circumstances suggest that the carrying amount may not be recoverable, management assessed the recoverability of its real estate by comparing the carrying amount with its fair value. The process involved in the determination of fair value requires estimates as to future events and market conditions. This estimation process may assume that the Company has the ability to dispose of its real estate properties in the ordinary course of business based on management's present plans and intentions. If management determines that the carrying value of a specific real estate investment is impaired, a write-down is recorded as a charge to current period operations. The evaluation process was based on estimates and assumptions and the ultimate outcome may be different.

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The Company determined that the carrying value of the remaining real estate properties does not exceed the net realizable value and thus did not consider it necessary to record any impairment charges of real estate held for sale at December 31, 2013. The Company sold all the remaining real estate properties generating gross profit of \$206,596 during the year ended December 31, 2013, which is included in income (loss) from discontinued operations. As of December 31, 2013 and 2012, real estate held for sale, which includes capitalized improvements, were \$0 and \$1,035,570, respectively, and were included in assets of discontinued operations – long term.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets include patents purchased and patents acquired in lieu of cash in licensing transactions. Patents purchased are recorded based at their acquisition cost and patents acquired in lieu of cash are recorded at their fair market value. Intangible assets consisted of the following:

	December 31, 2013	December 31, 2012	Weighted average amortization period (years)
Patents	\$ 7,204,937	\$ 500,925	3.78
Less: accumulated amortization	(1,047,278)	(8,773)	
	<u>\$ 6,157,659</u>	<u>\$ 492,152</u>	

Intangible assets are comprised of patents with estimated useful lives between approximately 1 to 11 years. Once placed in service, the Company amortizes the costs of intangible assets over their estimated useful lives on a straight-line basis. Costs incurred to acquire patents, including legal costs, are also capitalized as long-lived assets and amortized on a straight-line basis with the associated patent. Amortization of patents is included as an operating expense as reflected in the accompanying consolidated statements of operations. The Company assesses fair market value for any impairment to the carrying values. As of December 31, 2013 and 2012 management concluded that there was no impairment to the acquired assets.

Amortization expense for the years ended December 31, 2013 and 2012 was \$1,038,505 and \$8,773, respectively. Future amortization of current intangible assets, net is as follows:

2014	\$ 1,719,105
2015	1,484,209
2016	944,035
2017	639,626
2018	379,691
2019 and thereafter	990,993
Total	<u>\$ 6,157,659</u>

On April 16, 2013, the Company through its subsidiary, Relay IP, Inc. acquired a US patent for \$350,000. On April 22, 2013, the Company acquired 10 US patents, 27 foreign patents and 1 patent pending from CyberFone Systems valued at \$1,135,512 (see note 3). In September 2013, the Company acquired 14 US patents for a total purchase price of \$1,100,000. On November 13, 2013, the Company acquired four patents for 150,000 shares of the Company's common stock, which the Company valued at \$718,500 based on the fair market value of the stock issued. On December 16, 2013, the Company acquired certain patents from Delphi Technologies, Inc. for \$1,700,000 pursuant to a Patent Purchase Agreement entered into on October 31, 2013 and Amended on December 16, 2013.

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In connection with a settlement and license agreement dated June 4, 2013, the Company agreed to settle and release a certain defendant for past and future use of the Company's patents. The defendant agreed to assign and transfer 3 US patents and rights valued at \$1,000,000 in lieu of an additional cash payment, which amount has been included in the Company's revenue during the year ended December 31, 2013.

In connection with a settlement and license agreement dated December 22, 2013, the Company agreed to settle and release another defendant for past and future use of the Company's patents, whereby the defendant agreed to assign and transfer 2 US patents and rights to the Company. The Company valued the two patents at an aggregate of \$700,000 and included that amount in revenue during the year ended December 31, 2013.

NOTE 6 - STOCKHOLDERS' EQUITY

On December 7, 2011, the Company increased its authorized capital to 200,000,000 shares of common stock from 75,000,000 shares, changed the par value to \$0.0001 per share from \$.001 per share, and authorized new 50,000,000 shares of preferred stock, par value \$0.0001 per share.

On June 24, 2013, the reverse stock split ratio of one (1) for thirteen (13) basis was approved by the Board of Directors. On July 18, 2013, the Company filed a certificate of amendment to its Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada in order to effectuate a reverse stock split of the Company's issued and outstanding common stock, par value \$0.0001 per share on a one (1) for thirteen (13) basis. All share and per share values for all periods presented in the accompanying consolidated financial statements are retroactively restated for the effect of the reverse stock split.

Common Stock

In April 2013, the Company sold an aggregate of 2,404 post-split (31,250 pre-split) units with gross proceeds to the Company of \$25,000 to a certain accredited investor pursuant to a subscription agreement. Each unit was sold for a purchase price of \$10.40 post-split (\$0.80 pre-split) per unit and consists of: (i) two shares of the Company's common stock (4,808 post-split common stock) and (ii) a five-year warrant to purchase an additional share of common stock (2,404 post-split warrants) at an exercise price of \$7.80 post-split (\$0.60 pre-split) per share, subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The warrants may be exercised on a cashless basis.

On April 17, 2013, the Company executed a consulting agreement with a consultant pursuant to a 12 month consulting agreement for business advisory services. Pursuant to the terms of the agreement, the consultant shall receive a retainer of \$5,000 per month. Additionally, the Company shall issue to the consultant 30,769 post-split (400,000 pre-split) shares of common stock of which 7,692 post-split (100,000 pre-split) shares vest immediately and the remaining 23,077 post-split (300,000 pre-split) shares will vest over a 12 month period. In June 2013, the Company issued 11,538 shares for services rendered and valued these common shares at the fair market value on the date of grant at approximately \$5.03 per share or \$58,000. In third quarter of 2013, the Company issued an aggregate of 5,769 shares of common stock in connection with this consulting agreement. The Company valued the shares at the fair market value on the date of grant at approximately \$6.00 per share or \$34,480.

On May 22, 2013, the Company executed a one-year consulting agreement with a consultant for business advisory and capital restructuring services. The Company granted 23,077 post-split shares of common stock in connection with this consulting agreement and was valued at fair market value on the date of grant at approximately \$5.85 post-split per share. The Company recorded the total consideration of \$135,000 as prepaid expense and amortized \$78,750 during the year. The remaining balance will be amortized over the remaining term of the consulting agreement.

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On May 31, 2013, the Company sold an aggregate of 999,998 post-split (13,000,000 pre-split) units (the "Units") representing gross proceeds to the Company of \$5,200,000 to certain accredited investors (the "Investors") pursuant to a securities purchase agreement (the "Securities Purchase Agreement"). Each Unit was subscribed for a purchase price of \$5.20 post-split (\$0.40 pre-split) per Unit and consists of: (i) one share (the "Shares") of the Company's common stock (999,998 post-split common stock) and (ii) a three (3) year warrant (the "Warrants") to purchase half a share of the common stock (499,999 post-split warrants) at an exercise price of \$6.50 post-split (\$0.50 pre-split) per share, subject to adjustment upon the occurrence of certain events such as stock splits and stock dividends and similar events. The Company paid placement agent fees of \$170,000 to two broker-dealers in connection with the sale of the units, of which \$30,000 was previously paid by the Company as a retainer.

The Warrants may be exercised on a cashless basis at any time that the registration statement to be filed pursuant to the Registration Rights Agreement is not effective after the Effectiveness Date (as defined below). The Warrants contains limitations on the holder's ability to exercise the Warrant in the event such exercise causes the holder to beneficially own in excess of 9.99% of the Company's issued and outstanding Common Stock.

Pursuant to a Registration Rights Agreement with the Investors, the Company has agreed to file a "resale" registration statement with the Securities and Exchange Commission ("SEC") covering the Shares and the Common Stock underlying the Warrants within 45 days of the final closing date of the sale of Units (the "Filing Date") and to maintain the effectiveness of such registration statement. The Company has agreed to use its best efforts to have the initial registration statement declared effective within 120 days of the Filing Date (or within 135 days of the Filing Date in the event that the registration statement is subject to full review by the SEC) (the "Effectiveness Date"). If (i) a registration statement is (A) not filed with the SEC on or before the Filing Date or (B) not declared effective by the SEC on or before the Effectiveness Date, (ii) other than during an allowable grace period, sales cannot be made pursuant to the registration statement or the prospectus contained therein is not available for use for any reason, or (iii) the Company fails to file with the SEC any required reports under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, then, the Company shall pay to the Investors an amount in cash equal to one percent (1%) of such Investor's purchase price every thirty (30) days. Notwithstanding the foregoing, however, the Company shall not be obligated to pay any such liquidated damages if the Company is unable to fulfill its registration obligations as a result of rules, regulations, positions or releases issued or actions taken by the SEC pursuant to its authority with respect to "Rule 415", provided the Company registers at such time the maximum number of shares of common stock permissible upon consultation with the staff of the SEC.

In connection with the acquisition of CyberFone Systems, the Company (i) issued 461,538 post-split (6,000,000 pre-split) shares of common stock to the CyberFone Sellers (see Note 3). The Company valued these common shares at the fair market value on the date of grant at \$4.94 post-split (\$0.38 pre-split) per share or \$2,280,000.

On June 11, 2013, the Company granted an aggregate of 96,154 post-split (1,250,000 pre-split) shares of common stock to the Company's CFO and to a director of the Company, which were valued at fair market value on the date of grant at approximately \$5.27 post-split (\$0.41 pre-split) per share for a total of \$506,250. The shares vested immediately on issuance. During the year ended December 31, 2013, the Company recorded stock-based compensation expense of the total \$506,250 related to the vested restricted stock grants.

On June 28, 2013, the Company executed a one-year consulting agreements with two consultants for investor communications and public relation services. The Company granted an aggregate of 67,308 post-split (875,000 pre-split) shares of common stock in connection with these consulting agreements, which shares were valued at fair market value on the date of grant at approximately \$4.55 post-split per share for aggregate value of In connection with the issuance of these common shares, the Company recorded prepaid stock-based consulting of \$306,256 and amortized \$153,128 during the year ended December 31, 2013, with the balance to be amortized over the remaining consulting agreement term.

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On July 25, 2013, the Company granted 4,380 shares of common stock for legal services rendered. In connection with this transaction, the Company valued the shares at the fair market value on the date of grant at \$6.85 per share or \$30,000.

On July 29, 2013, the Company converted legal fees of \$29,620 into 5,696 units of securities. Each unit was subscribed for a purchase price of \$5.20 post-split (\$0.40 pre-split) per unit and consists of: (i) one share of the Company's common stock (5,696 post-split common stock) and (ii) a three (3) year warrant to purchase half a share of the common stock (2,848 post-split warrants) at an exercise price of \$6.50 post-split (\$0.50 pre-split) per share, subject to adjustment upon the occurrence of certain events such as stock splits and stock dividends and similar events.

In August 2013, the Company sold an aggregate of 153,846 post-split (2,000,000 pre-split) units representing gross proceeds to the Company of \$800,000 to certain accredited investors pursuant to a securities purchase agreement. Each unit was subscribed for a purchase price of \$5.20 post-split (\$0.40 pre-split) per unit and consists of: (i) one share of the Company's common stock (153,846 post-split common stock) and (ii) a three (3) year warrant to purchase half a share of the common stock (76,923 post-split warrants) at an exercise price of \$6.50 post-split (\$0.50 pre-split) per share, subject to adjustment upon the occurrence of certain events such as stock splits and stock dividends and similar events. Additionally, the Company paid placement agent fees of \$35,029 and legal fees of \$42,375 in connection with the sale of units.

In October 2013, the Company acquired 4 US patents in consideration for 150,000 restricted shares of the Company's common stock. The restricted shares shall be subject to forfeiture rights for the benefit of the Company in the event no enforcement action is effected by the lapse of the enforcement period as defined in the patent purchase agreement. In connection with this transaction, the Company valued the shares at the fair market value on the date of grant at \$4.79 per share or \$718,500.

On November 12, 2013, the Company received, in cash, the amount of \$25,000 in full payment of a subscription receivable for the purchase of 4,808 shares of the Company's common stock and subsequently issued the shares to the investor.

Common Stock Warrants

During the year ended December 31, 2013, the Company issued 582,175 warrants in connection with financings. Also, during the same period, 73,077 post-split (950,000 pre-split) warrants were forfeited in accordance with the termination of employee and consultant relationships. During the year ended December 31, 2013, the Company recorded stock based compensation expense of \$117,796 in connection with vested warrants. At December 31, 2013, there was a total of \$99,087 of unrecognized compensation expense related to non-vested warrant-based compensation arrangements.

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A summary of the status of the Company's outstanding stock warrants and changes during the period then ended is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at December 31, 2012	199,162	\$ 7.02	6.52
Granted	582,175	6.50	2.46
Cancelled	-	-	-
Forfeited	(73,077)	6.50	8.08
Exercised	-	-	-
Balance at December 31, 2013	708,260	\$ 6.66	2.74
Warrants exercisable at December 31, 2013	680,055	\$ 6.66	
Weighted average fair value of warrants granted during the period ended December 31, 2013		\$ 6.50	

Common Stock Options

On November 14, 2012, the Company entered into an employment agreement with Doug Croxall (the "Croxall Employment Agreement"), whereby Mr. Croxall agreed to serve as Company's Chief Executive Officer for a period of two years. Mr. Croxall received a ten year option award to purchase an aggregate of 153,846 post-split (2,000,000 pre-split) shares of the Company's common stock with an exercise price of \$6.50 post-split (\$0.50 pre-split) per share, subject to adjustment, which shall vest in 24 equal monthly installments on each monthly anniversary of the date of the Croxall Employment Agreement. The options were valued on the grant date at approximately \$6.24 post-split (\$0.48 pre-split) per option or a total of \$968,600 using a Black-Scholes option pricing model with the following assumptions: stock price of \$6.50 post-split (\$0.50 pre-split) per share (based on the recent selling price of the Company's common stock at private placements), volatility of 192%, expected term of 5 years, and a risk free interest rate of 0.61%.

On January 28, 2013, the Company entered into an employment agreement with John Stetson, the Company's Chief Financial Officer and Secretary (the "Stetson Employment Agreement") whereby Mr. Stetson agreed to serve as the Company's Chief Financial Officer for a period of one year, subject to renewal. Mr. Stetson shall receive a ten year option award to purchase an aggregate of 38,462 post-split (500,000 pre-split) shares of the Company's common stock with an exercise price of \$6.50 post-split (\$0.50 pre-split) per share, subject to adjustment, which shall vest in three (3) equal annual installments on the beginning on the first annual anniversary of the date of the Stetson Employment Agreement, provided Mr. Stetson is still employed by the Company.

On March 1, 2013, Mr. Nathaniel Bradley was appointed as the Company's Chief Technology Officer and President of IP Services. Pursuant to the Employment Agreement between the Company and Mr. Bradley dated March 1, 2013 ("Bradley Employment Agreement"). Mr. Bradley was awarded five (5) year stock options to purchase an aggregate of 76,923 post-split (1,000,000 pre-split) shares of the Company's common stock, with a strike price based on the closing price of the Company's common stock on March 1, 2013 as reported by the OTC Bulletin Board or an exercise price of \$11.05 post-split (\$0.85 pre-split) per share, vesting in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013, provided Mr. Bradley is still employed by the Company on each such date. On June 19, 2013, the Board of Directors accepted resignation of Mr. Nathaniel Bradley from his position of Chief Technology Officer and President of IP Services with the Company. In connection with his resignation, Mr. Bradley entered into a Separation and Release Agreement with the Company, pursuant to which, Mr. Bradley is entitled to 9,615 post-split (125,000 pre-split) options previously granted to him under his employment agreement which have vested and 67,308 post-split (875,000 pre-split) options have been cancelled.

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On March 1, 2013, Mr. James Crawford was appointed as the Company's Chief Operating Officer. Pursuant to the Employment Agreement between the Company and Mr. Crawford dated March 1, 2013 ("Crawford Employment Agreement"), Mr. Crawford shall serve as the Company's Chief Operating Officer for two (2) years. Mr. Crawford was awarded five (5) year stock options to purchase an aggregate of 38,462 post-split (500,000 pre-split) shares of the Company's common stock, with a strike price based on the closing price of the Company's common stock on March 1, 2013 as reported by the OTC Bulletin Board or an exercise price of \$11.05 post-split (\$0.85 pre-split) per share, vesting in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013, provided Mr. Crawford is still employed by the Company on each such date. On June 19, 2013, the Company granted 38,462 post-split (500,000 pre-split) options to Mr. Crawford. The stock options granted have an exercise price equal to the fair market value per share on the option grant date, which was \$4.94 post-split (\$0.38 pre-split) per share. The options issued to Mr. Crawford are conditioned upon the cancellation of the stock options granted to him on March 1, 2013 under his employment agreement with the Company and will vest in twenty-four (24) equal installments on each monthly anniversary of the date of grant.

Pursuant to the Independent Director Agreement between the Company and each of Mr. Nard and Mr. Rosellini dated March 8, 2013, each director was granted five (5) year stock options to purchase an aggregate of 7,692 post-split (100,000 pre-split) shares of the Company's common stock, with a strike price based on the closing price of the Company's common stock on March 8, 2013 as reported by the OTC Bulletin Board or an exercise price of \$6.50 post-split (\$0.50 pre-split) per share. The options shall vest as follows: 33% the first anniversary hereof; 33% on the second anniversary and 34% on the third anniversary, and shall be subject to the Company's stock plan as in effect from time to time, including any clawback and termination provisions therein. The option agreements shall provide for cashless exercise features. Such agreement shall be terminated upon resignation or removal of Mr. Nard and Mr. Rosellini as members of Board of Directors.

On June 11, 2013, the Company granted an aggregate of 176,923 post-split (2,300,000 pre-split) 5-year options to purchase shares of common stock exercisable at \$5.33 post-split (\$0.41 pre-split) per share to the Chief Executive Officer and two directors of the Company. The stock options shall vest pro rata monthly over the following 24-month period.

On June 11, 2013, the Company granted 15,385 post-split (200,000 pre-split) 5-year options to purchase shares of common stock exercisable at \$5.33 post-split (\$0.41 pre-split) per share to a consultant for legal services. The stock options shall vest pro rata monthly over the following 24-month period.

On June 19, 2013, the Company granted an aggregate of 23,077 post-split (300,000 pre-split) 5-year options to purchase shares of common stock exercisable at \$4.94 post-split (\$0.38 pre-split) per share to two employees of the Company. The options shall vest as follows: 33% the first anniversary hereof; 33% on the second anniversary and 34% on the third anniversary.

On July 25, 2013, the Company granted an aggregate of 67,307 five-year options to purchase shares of common stock to four consultants who are employees of IP Nav. Such options shall vest 33% on the first year anniversary, 33% on the second year anniversary and 34% on the third year anniversary. The exercise price was based on the \$6.85 closing price of the Company's common stock on the date of grant. In October 2013, 9,615 of these options were forfeited in accordance with the termination of consultant relationships.

On August 19, 2013, the Company granted an aggregate of 303,846 five-year options to purchase shares of common stock to two consultants who are employees of IP Nav. Such options shall vest 33% on the first year anniversary, 33% on the second year anniversary and 34% on the third year anniversary. The exercise price was based on the \$5.85 closing price of the Company's common stock on the date of grant.

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On November 11, 2013, we entered into a three year consulting agreement with Kairix Analytics, Ltd. (“Kairix”) (the “Kairix Agreement”), pursuant to which we agreed to grant to Kairix an option to purchase 300,000 shares of the Company’s common stock at an exercise price of \$5.70 per share, reflecting the closing price of the Company’s common stock on the date of grant. The option has a term of five (5) years and vests 33% on each of the first and second anniversaries and 34% on the third anniversary of the Kairix Agreement. The Company has valued the option at \$984,447 using the Black-Scholes option pricing model with the following assumptions: an expected life of two and one-half years; volatility of 100% and a risk-free interest rate of 0.65%. In addition, Kairix will be entitled to receive either 2% or 5% of the net revenue derived from the enforcement of patents by either the Company or its subsidiaries and resulting from work performed by Kairix on behalf of the Company, with the percentage applied to be based on the contribution made to the generation of the revenue by Kairix, as further described in the Kairix Agreement. Mr. Craig Nard, one of the principals of Kairix, is a member of our Board of Directors.

On November 18, 2013, we entered into Amendment No. 1 to the Executive Employment Agreement with our Chief Executive Officer and Chairman, Doug Croxall. As part of Amendment No. 1, we granted Mr. Croxall ten (10) year stock options to purchase an aggregate of 100,000 shares of our common stock, with an exercise price of \$5.93 per share (reflecting the closing price of our common stock on the date of grant) and vesting in twenty-four (24) equal installments on each monthly anniversary date of the grant. The Company has valued the option grant at \$442,692 using the Black-Scholes option pricing model with the following assumptions: an expected life of five years; volatility of 100%; and a risk-free rate of 1.33%.

On November 18, 2013, we entered into a two year Executive Employment Agreement with Richard Raisig (the “Raisig Agreement”), pursuant to which Mr. Raisig shall serve as our Chief Financial Officer, effective December 3, 2013. As part of the Raisig Agreement, we agreed to issue Mr. Raisig ten (10) year stock options to purchase an aggregate of 115,000 shares of common stock, with an exercise price of \$5.70 per share, vesting in twenty-four (24) equal installments on each monthly anniversary of the date of the Raisig Agreement, provided Mr. Raisig is still employed by us on each such date. We have valued the options at \$511,036 using the Black-Scholes option pricing model with the following assumptions: market price on the date of grant of \$5.90; an expected life of five years; volatility of 101%; and a risk-free rate of 1.40%.

The 1,309,230 options granted during the year ended December 31, 2013 were valued on the grant date at ranging from approximately \$2.81 to \$7.40 per option or a total of \$5,083,852 using the Black-Scholes option pricing model used for this valuation had the following assumptions: stock price ranging from \$4.94 to \$11.05 per share, volatility of ranging from 99% to 108%, expected term of ranging from approximately 2.5 to 5 years, and a risk free interest rate ranging from 0.31% to 1.40%.

For the year ended December 31, 2013, the Company recorded stock-option based compensation expense of \$1,122,412 and stock-option based legal fees of \$12,458. At December 31, 2013, there was a total of \$4,445,740 of unrecognized compensation expense related to non-vested option-based compensation arrangements entered into during the year.

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A summary of the stock options as of December 31, 2013 and changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at December 31, 2012	153,846	6.50	9.87
Granted	1,309,230	5.74	4.98
Exercised	-	-	-
Forfeited	(9,615)	11.05	-
Cancelled	(115,384)	11.05	-
Balance outstanding at December 31, 2013	<u>1,338,076</u>	<u>\$ 5.83</u>	<u>5.21</u>
Options exercisable at December 31, 2013	<u>145,192</u>	<u>\$ 5.97</u>	<u>7.15</u>
Options expected to vest	<u>1,192,885</u>		
Weighted average fair value of options granted during the period		<u>\$ 3.88</u>	

Stock options outstanding at December 31, 2013 as disclosed in the above table have \$705,461 intrinsic value at the end of the period.

Restricted Stock Unit

On November 13, 2013, we entered into a two year consulting agreement with Jeff Feinberg (the "Feinberg Agreement"), pursuant to which we agreed to grant Mr. Feinberg a restricted stock unit ("RSU") for 100,000 shares of our restricted common stock. The RSU vests in two installments: 50% on the one-year anniversary of the Feinberg Agreement (the "First Vesting") and the remaining 50% on the second year anniversary of the Feinberg Agreement (the "Second Vesting"). The shares of common stock will be issued upon Mr. Feinberg's meeting each of the two vesting requirements. During the first six months, the Feinberg Agreement can be terminated without any vesting under certain circumstances described in the Feinberg Agreement. If the Feinberg Agreement is terminated following the First Vesting but prior to the Second Vesting, the RSU is subject to acceleration of the Second Vesting under certain circumstances also described in the Feinberg Agreement. Mr. Feinberg is the trustee of The Feinberg Family Trust and holds voting and dispositive power over the shares held by The Feinberg Family Trust, which is a 10% beneficial owner of our common stock. The Company valued the RSU at \$570,000 and recorded that amount as a prepaid expense and amortized \$37,208 of that amount during the year ended December 31, 2013. The remaining balance at December 31, 2013 of \$532,792 will be amortized over the remaining term of the agreement.

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NOTE 7 – COMMITMENTS AND CONTINGENCIES

Mining Lease Agreements

In November 2011, the Company, through its wholly owned subsidiary, Amicor, entered into several mining lease agreements with certain officers of Amicor and affiliated companies owned by the officers of Amicor (collectively the “Lessors”). Such mining lease agreements granted and leased to the Company mineral properties located in the County of San Juan, Utah, County of Montrose, Colorado and County of San Miguel, Colorado. The term of the mining lease agreements was for the period of 20 years. The Company was required to pay the annual Federal Bureau of Land Management maintenance fees and other fees required to hold the mineral properties. On June 11, 2012, the Company terminated the leases in connection with the Rescission Agreement (see Note 1).

In December 2011, the Company, entered into a Lease Assignment and Acceptance Agreement with an affiliated company owned by the former officers of Amicor whereby the affiliated company agreed to assign its mineral rights and interests to the Company under a Surface and Mineral Lease Agreement dated in October 2011 with J.H. Ranch, Inc. located in San Juan County, Utah. The Company agreed to perform all of the affiliated company’s obligation under the Surface and Mineral Lease Agreement, including the payment of all lease payments, annual rents, advanced royalties, production royalties and other compensation as defined in the agreement. The term of this agreement was 20 years. In July 2013, the Company assigned its rights and interest in this lease agreement to an unrelated company. In consideration for the assignment, the unrelated company issued 1,293,967 of its shares to the Company (see Note 8).

In June 2012, the Company decided to discontinue its exploration stage gold and minerals business and currently does not hold any unpatented mining claims.

Securities Available for Sale

The Company has recorded unrealized loss of \$6,250 as an element of comprehensive income during the year ended December 31, 2013.

In July 2013, the Company assigned its rights and interest in a mining lease agreement to an unrelated company. In consideration for the assignment of lease agreement, the unrelated company issued 1,293,967 of its shares (the “Unrelated Company Shares”) to the Company. At the time of issuance, the Company valued the Unrelated Company Shares and recorded the cost of investment at the fair market value (based on the sale of its shares in a private placement) of the shares at \$0.13 per share or \$168,216 and was recorded as a gain from sale of assets of discontinued operations (see Note 4) during the year ended December 31, 2013. In September 2013, the Company sold the Unrelated Company Shares and generated proceeds of \$129,397. The decrease in fair value of \$38,819 has been recorded as realized loss in the statement of operations for the year ended December 31, 2013.

Office Lease

In October 2013, the Company entered into a net-lease for its current office space in Los Angeles, California. The lease will commence on May 1, 2014 and runs for seven years through April 30, 2021, with monthly lease payment escalating each year of the lease. In addition, to paying a deposit of \$7,564 and the monthly base lease cost, the Company is required to pay its pro rata share of operating expenses, and real estate taxes. Under the terms of the lease, the Company will not be required to pay rent for the first five months but must remain in compliance with the terms of the lease to continue to maintain that benefit. In addition, the Company has a one-time option to terminate the lease in the 42th month of the lease. Minimum future lease payments under this lease at December 31, 2013, net of the rent abatement, for the next five years are as follows:

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2014	\$ 36,981
2015	66,300
2016	69,216
2017	72,324
2018	75,648
Total	<u>\$ 320,469</u>

NOTE 8 - INCOME TAXES

The Company accounts for income taxes under ASC Topic 740: Income Taxes, which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and the tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards. ASC Topic 740 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. The Company has net operating loss carryforward for tax purposes totaling approximately \$2,809,733 at December 31, 2013, expiring through 2033. In addition, the Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after certain changes in ownership have occurred.

The table below summarizes the differences between the Company's effective tax rate and the statutory federal rate for the years ended December 31, 2013 and 2012.

	December 31, 2013	December 31, 2012
Tax benefit computed at "expected" statutory rate	\$ (1,173,114)	\$ (2,359,025)
State income taxes, net of benefit	(79,110)	(60,884)
Permanent differences :		
Impairment expense	-	437,324
Stock based compensation and consulting	381,620	1,508,371
Other permanent differences	(50,892)	(681)
Timing differences		
Amortization of patents and other	304,435	-
Increase in valuation allowance	617,061	474,895
Net income tax benefit	<u>\$ -</u>	<u>\$ -</u>

The table below summarizes the differences between the Companies' effective tax rate and the statutory federal rate as follows for the years ended December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Computed "expected" tax expense (benefit)	(34.0)%	(34.0)%
State income taxes	(5.0)%	(5.0)%
Permanent differences	14.0%	31.0%
Timing differences	13.0%	-
Change in valuation allowance	<u>12.0%</u>	<u>8.0%</u>
Effective tax rate	<u>0.0%</u>	<u>0.0%</u>

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The Company has a deferred tax asset, which is summarized as follows at:

	December 31, 2013	December 31, 2012
Deferred tax assets:		
Total deferred tax assets	\$ 1,095,797	\$ 478,736
Less: valuation allowance	(1,095,797)	(478,736)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

After consideration of all the evidence, both positive and negative, management has recorded a full valuation allowance at December 31, 2013, due to the uncertainty of realizing the deferred income tax assets. During the year ended December 31, 2013, the valuation allowance was increased by \$617,061.

NOTE 9 – SUBSEQUENT EVENTS

On March 13, 2014, the Company's wholly-owned subsidiary Relay IP, Inc. entered into a patent license and license option agreement (the "Relay Agreement") with RPX Corporation ("RPX"). The Relay Agreement provides for the licensing of a certain patent to RPX at the closing of the transaction and the option for RPX to acquire additional licenses for the patent upon payment of additional consideration to Relay IP, Inc. as provided for in the Relay Agreement.

Also, on March 13, 2014, the Company's wholly-owned subsidiary Sampo IP, LLC entered into a patent license and license option agreement (the "Sampo Agreement") with RPX. The Sampo Agreement provides for the licensing of certain patents to RPX at the closing of the transaction and the option for RPX to acquire additional licenses for the patents upon payment of additional consideration to Sampo IP, LLC as provided for in the Sampo Agreement.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Conclusions Regarding Effectiveness of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"), as defined by Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2013, the end of the period covered by this Annual Report on Form 10-K. The Disclosure Controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, due to our limited internal audit function, our Disclosure Controls were not effective as of December 31, 2013, such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the President and Treasurer, as appropriate to allow timely decisions regarding disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. During our assessment of the effectiveness of internal control over financial reporting as of December 31, 2013, management identified significant deficiency related to (i) our internal audit functions and (ii) a lack of segregation of duties within accounting functions. Therefore, our internal controls over financial reporting were not effective as of December 31, 2013.

Management has determined that our internal audit function is significantly deficient due to insufficient qualified resources to perform internal audit functions.

Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, we will implement procedures to assure that the initiation of transactions, the custody of assets and the recording of transactions will be performed by separate individuals.

We believe that the foregoing steps will remediate the significant deficiency identified above, and we will continue to monitor the effectiveness of these steps and make any changes that our management deems appropriate. Due to the nature of this significant deficiency in our internal control over financial reporting, there is more than a remote likelihood that misstatements which could be material to our annual or interim financial statements could occur that would not be prevented or detected.

A material weakness (within the meaning of PCAOB Auditing Standard No. 5) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Changes in Internal Control over Financial Reporting.

During the year ended December 31, 2013, there was no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table presents information with respect to our officers, directors and significant employees as of the date of this Report:

<u>Name and Address</u>	<u>Age</u>	<u>Date First Elected or Appointed</u>	<u>Position(s)</u>
Doug Croxall	45	November 14, 2012	Chief Executive Officer and Chairman
Richard Raisig	66	December 3, 2013	Chief Financial Officer
John Stetson	28	June 26, 2012	Executive Vice President, Secretary and Director
James Crawford	39	March 1, 2013	Chief Operating Officer
Stuart Smith	54	January 26, 2012	Director
Craig Nard	48	March 8, 2013	Director
William Rosellini	34	March 8, 2013	Director

Each director serves until our next annual meeting of the stockholders or unless they resign earlier. The Board of Directors elects officers and their terms of office are at the discretion of the Board of Directors.

Background of officers and directors

The following is a brief account of the education and business experience during at least the past five years of our officers and directors, indicating each person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Doug Croxall - Chief Executive Officer and Chairman

Mr. Croxall, 45, has served as the Chief Executive Officer and Founder of LVL Patent Group LLC, a privately owned patent licensing company since 2009. From 2003 to 2008, Mr. Croxall served as the Chief Executive Officer and Chairman of FirePond, a software company that licensed configuration pricing and quotation software to Fortune 1000 companies. Mr. Croxall earned a Bachelor of Arts degree in Political Science from Purdue University in 1991 and a Master of Business Administration from Pepperdine University in 1995. Mr. Croxall was chosen as a director of the Company based on his knowledge of and relationships in the patent acquisition and monetization business.

Richard Raisig - Chief Financial Officer

Mr. Raisig, 66, has served as the Company's Chief Financial Officer since December 2013. From 2010 to December 2013, Mr. Raisig performed CFO consulting services for several technology companies, including Petrosonic Energy Company, Inc., a publicly traded start-up energy technology company and Connexed Technologies, Inc., a private start-up technology company marketing offsite storage and access services for surveillance video in a hosted environment. From 2007 to 2009, he was Chief Financial Officer of Aurora Systems, Inc., a venture backed start-up fabless semiconductor company in the micro-display space. From 1986 to 2006, Mr. Raisig was CFO of Microvision, Inc., a publicly traded start-up technology company in the micro-display space. Mr. Raisig has a BA in Economics from the University of California, Irvine and an MBA from the University of Southern California.

John Stetson - Executive Vice President, Secretary and Director

Mr. Stetson, 28, has been Executive Vice President since December 2013. Prior to that time, Mr. Stetson was the Chief Financial Officer and Secretary of the Company since June 2012. Mr. Stetson has been the Managing Member of HS Contrarian Investments LLC since 2011 and the President of Stetson Capital Investments, Inc. since 2010. Mr. Stetson was an Investment Analyst from 2008 to 2009 for Heritage Investment Group and worked in the division of Corporate Finance of Toll Brothers from 2007 to 2008. The Board believes his knowledge of business makes him a valuable member of the Board.

James Crawford - Chief Operating Officer

Mr. Crawford, 38, was a founding member of Kino Interactive, LLC, and of AudioEye, Inc. Mr. Crawford's experience as an entrepreneur spans the entire life cycle of companies from start-up capital to compliance officer and director of reporting public companies. Prior to his involvement as Chief Operating Officer of Marathon, Mr. Crawford served as a director and officer of Augme Technologies, Inc. beginning March 2006, and assisted the company in maneuvering through the initial challenges of acquisitions executed by the company through 2011 that established the company as a leading mobile marketing company in the United States. Mr. Crawford is experienced in public company finance and compliance functions. He has extensive experience in the area of intellectual property creation, management and licensing. Mr. Crawford also served on the board of directors Modavox® and Augme Technologies, and as founder and managing member of Kino Digital, Kino Communications, and Kino Interactive.

Stuart Smith - Director

Stuart H. Smith, 52, is a practicing plaintiff attorney licensed in Louisiana. He is a founding partner of the New Orleans-based law firm SmithStag, LLC. Smith has practiced law for nearly 25 years, litigating against oil companies and other energy-related corporations for damages associated with radioactive oilfield waste, referred to within the oil and gas industry as technologically enhanced radioactive material (TERM). In 2001, Smith was lead counsel in an oilfield radiation case that resulted in a verdict of \$1.056 billion against ExxonMobil. Smith has been interviewed and his cases have been covered by a variety of media outlets, including CNN's Andersen Cooper 360, BBC World News, Fox News, The New York Times, The Washington Post, USA Today, Lawyers Weekly USA, The Times-Picayune, The Baton Rouge Advocate, The Hill, The Associated Press, Bloomberg, National Public Radio, Radio America, and Washington Post Radio. Mr. Smith was chosen to be a member of our Board of Directors based on knowledge of complex litigation.

Craig Nard - Director

Mr. Nard, 47, is the Tom J.E. and Bette Lou Walker Professor of Law and Director of the Center for Law, Technology & the Arts and the FUSION program at Case Western Reserve University since 2005. He is also a Senior Lecturer at the World Intellectual Property Organization Academy in Torino, Italy. Mr. Nard is frequently asked to serve as an expert witness and consultant in patent litigation and is widely published in the area of patent law, with scholarly articles appearing in many of the most prominent law journals. He is also the author of a leading patent law casebook, *The Law of Patents*, and a co-author of *The Law of Intellectual Property*. Prior to entering the legal academy, Mr. Nard clerked for the Honorable Giles S. Rich and Helen W. Nies of the United States Court of Appeals for the Federal Circuit in Washington, D.C. and, before that, was a patent litigator in Dallas, Texas. He is a member of the Texas bar, and is licensed to practice before the United States Patent & Trademark Office. The Board has determined that Mr. Nard's academic experience in intellectual property law makes him a valuable member of the Board.

William Rosellini - Director

William Rosellini, 33, is Founder and Chairman of Microtransponder Inc. and Rosellini Scientific, LLC. Dr. Rosellini previously served as the founding CEO of Microtransponder from 2006 to 2012 and Lexington Technology Group in 2012. During his tenures as CEO he has raised nearly \$30M in venture funding and \$10M in NIH grants. Dr. Rosellini has been named a MTBC Tech Titan and a GSEA Entrepreneur of the Year and has testified to Congress on the importance of non-dilutive funding for inventors and researchers. Dr. Rosellini holds a BA in economics from the University of Dallas, a JD from Hofstra Law, an MBA and MS of Accounting from the University of Texas, a MS of Computational Biology from Rutgers, a MS of Regulatory Science from USC and a MS of Neuroscience from University of Texas. Previously, Dr. Rosellini was a right-handed pitcher who played in Arizona Diamondbacks system. The Board has determined that Dr. Rosellini's medical technology expertise and industry knowledge and experience will make him a valuable member of the Board.

Code of Business Conduct and Ethics

We have recently adopted a Code of Business Conduct and Ethics that applies to our principal executive officers and principal financial officer, principal accounting officer or controller, or persons performing similar functions and also to other employees. Our Code of Business Conduct and Ethics can be found on the Company's website at www.marathonpg.com.

Family Relationships

There are no family relationships between any of our directors, executive officers or directors.

Involvement in Certain Legal Proceedings

During the past ten years, none of our officers, directors, promoters or control persons have been involved in any legal proceedings as described in Item 401(f) of Regulation S-K.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws.

Director Independence

Mr. Stuart Smith and Dr. William Rosellini are "independent" directors based on the definition of independence in the listing standards of the NASDAQ Stock Market LLC ("NASDAQ"). Mr. Nard no longer meets the independence requirements. We are currently conducting a search for an additional director who will satisfy the NASDAQ requirements for independence.

Committees of the Board of Directors

The Audit Committee members are Mr. Stuart Smith, Mr. Craig Nard and Dr. William Rosellini. The Committee has authority to review our financial records, deal with our independent auditors, recommend to the Board policies with respect to financial reporting, and investigate all aspects of the our business. The Audit Committee Charter is available on our website at www.marathonpg.com. Two members of the Audit Committee, Mr. Smith and Dr. Rosellini, currently satisfy the independence requirements and other established criteria of NASDAQ.

The Compensation Committee oversees our executive compensation and recommends various incentives for key employees to encourage and reward increased corporate financial performance, productivity and innovation. Its members are Mr. Stuart Smith, Mr. Craig Nard and Dr. William Rosellini. The Compensation Committee Charter is available on our website at www.marathonpg.com. Two members of the Compensation Committee, Mr. Smith and Dr. Rosellini, currently satisfy the independence requirements and other established criteria of NASDAQ.

We have not formally designated a nominating committee or committees performing similar functions.

Board Leadership Structure and Role in Risk Oversight

Although we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined, we have traditionally determined that it is in the best interests of the Company and its shareholders to partially combine these roles. Due to the small size of the Company, we believe it is currently most effective to have the Chairman and Chief Executive Officer positions partially combined.

Our Board of Directors is primarily responsible for overseeing our risk management processes. The Board of Directors receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding the Company's assessment of risks. The Board of Directors focuses on the most significant risks facing us and our general risk management strategy, and also ensures that risks undertaken by us are consistent with the Board of Directors' appetite for risk. While the Board of Directors oversees the Company, our management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing the Company and that our board leadership structure supports this approach.

Compliance with Section 16(a) of the Securities Act of 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Form 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the Securities and Exchange Commission regulations to furnish our company with copies of all Section 16(a) reports they file.

Based solely on our review of the copies of such reports received by us, and on written representations by our officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that, with respect to the fiscal year ended December 31, 2013, our officers and directors, and all of the persons known to us to own more than 10% of our common stock, filed all required reports on a timely basis, except as follows:

- Erich Spangenberg is late in filing a Form 4 to report 1 transaction,
- James Crawford is late in filing a Form 3 and a Form 4 to report 1 transaction,
- Craig Nard is late in filing a Form 4 to report 1 transaction, and
- Stuart Smith is late in filing a Form 3.

ITEM 11. EXECUTIVE COMPENSATION

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during 2013 and 2012 awarded to, earned by or paid to our executive officers. The value attributable to any Option Awards and Stock Awards reflects the grant date fair values of stock awards calculated in accordance with FASB Accounting Standards Codification Topic 718. As described further in Note 6 – Stockholders’ Equity (Deficit) – Common Stock Option to our consolidated year-end financial statements, a discussion of the assumptions made in the valuation of these option awards and stock awards.

Name and Principal Position	Year	Salary	Bonus Awards	Stock Awards	Other Incentive Compensation	Non-Equity Plan Compensation	Nonqualified Deferred Earnings	All Other Compensation	Total
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Doug Croxall									
CEO and Chairman	2013	363,333	350,000	-	902,692	-	-	-	1,616,025
	2012	40,385	-	-	968,600	-	-	-	1,008,985
Richard Raisig	2013	19,791	-	-	511,036	-	-	-	530,827
CFO	2012	-	-	-	-	-	-	-	-
James Crawford	2013	221,408	-	-	366,677	-	-	-	588,085
COO	2012	-	-	-	-	-	-	-	-
John Stetson									
(1)									
Executive Vice President, Secretary and Former CFO	2013	79,583	-	405,000	284,750 (3)	-	-	-	769,333
	2012	8,654	-	33,287	-	-	-	-	41,941
Nathaniel Bradley (5)	2013	148,125	-	-	517,200	-	-	-	665,325
Former CTO	2012	-	-	-	-	-	-	-	-
Mark Groussman (2)	2013	-	-	-	-	-	-	-	-
Former CEO	2012	44,384	-	-	-(4)	-	-	-	44,384

(1) John Stetson was appointed as President, Chief Operating Officer and a director on June 26, 2012. On November 14, 2012, John Stetson resigned as the Company’s President and Chief Operating Officer and was re-appointed as the Chief Financial Officer and Secretary on January 28, 2013. Mr. Stetson ceased to serve as Chief Financial Officer, effective December 3, 2013 and we appointed Mr. Richard Raisig as our Chief Financial Officer, effective December 3, 2013.

(2) Mark Groussman was appointed as the Chief Executive Officer of the Company on June 11, 2012 and resigned as the Company’s Chief Executive Officer on November 14, 2012.

(3) John Stetson was awarded a ten-year option award to purchase an aggregate of 115,385 shares of the Company’s common stock (after giving effect to the Reverse Split) with an exercise price of \$6.50 per share and was cancelled on November 14, 2012 upon resignation.

(4) Mark Groussman was awarded a ten-year option award to purchase an aggregate of 115,385 shares of the Company’s common stock (after giving effect to the Reverse Split) with an exercise price of \$6.50 per share and was cancelled on November 14, 2012 upon resignation.

(5) Nathaniel Bradley served as the Company’s Chief Technology Officer and President of IP Services from March 1, 2013 to June 19, 2013.

Employment Agreements

On November 14, 2012, we entered into an employment agreement with Doug Croxall (the “Croall Employment Agreement”), whereby Mr. Croxall agreed to serve as our Chief Executive Officer for a period of two years, subject to renewal, in consideration for an annual salary of \$350,000 and an Indemnification Agreement. Additionally, under the terms of the Croall Employment Agreement, Mr. Croxall shall be eligible for an annual bonus if we meet certain criteria, as established by the Board of Directors, subject to standard “claw-back rights” in the event of any restatement of any prior period earnings or other results as from which any annual bonus shall have been determined. As further consideration for his services, Mr. Croxall received a ten year option award to purchase an aggregate of One Hundred Fifty Three Thousand Eight Hundred and Forty-Six (153,846) shares of our common stock with an exercise price of \$6.50 per share, after giving effect to the Reverse Split, which shall vest in twenty-four (24) equal monthly installments on each monthly anniversary of the date of the Croall Employment Agreement. On November 18, 2013, we entered into Amendment No. 1 to the Croall Employment Agreement (“Amendment”). Pursuant to the Amendment, the term of the Croall Agreement shall be extended to November 14, 2017 and (ii) Mr. Croxall’s annual base salary shall be increased to \$480,000, subject to a 3% increase every year, commencing on November 14, 2014.

On January 28, 2013, we entered into an employment agreement with John Stetson, our Chief Financial Officer and Secretary (the "Stetson Employment Agreement") whereby Mr. Stetson agreed to serve as our Chief Financial Officer for a period of one year, subject to renewal, in consideration for an annual salary of \$75,000. Additionally, Mr. Stetson shall be eligible for an annual bonus if we meet certain criteria, as established by the Board of Directors, subject to standard "claw-back rights" in the event of any restatement of any prior period earnings or other results as from which any annual bonus shall have been determined. As further consideration for his services, Mr. Stetson received a ten year option award to purchase an aggregate of Thirty Eight Thousand Four Hundred Sixty Two (38,462) shares of our common stock with an exercise price of \$6.50 per share, after giving effect to the Reverse Split, which shall vest in three (3) equal annual installments on the beginning on the first annual anniversary of the date of the Stetson Employment Agreement, provided Mr. Stetson is still employed by us. In the event of Mr. Stetson's termination prior to the expiration of his employment term under his employment agreement, unless he is terminated for Cause (as defined in the Stetson Employment Agreement), or in the event Mr. Stetson resigns without Good Reason (as defined in the Stetson Employment Agreement), we shall pay to him a lump sum in an amount equal to the sum of his (i) base salary for the prior 12 months plus (ii) his annual bonus amount during the prior 12 months.

On March 1, 2013, Mr. James Crawford was appointed as our Chief Operating Officer. Pursuant to the Employment Agreement with Mr. Crawford dated March 1, 2013 ("Crawford Employment Agreement"), Mr. Crawford shall serve as our Chief Operating Officer for two (2) years. The Crawford Employment Agreement shall be automatically renewed for successive one (1) year periods thereafter. Mr. Crawford shall be entitled to a base salary at an annual rate of \$185,000, with such upward adjustments as shall be determined by the Board in its sole discretion. Mr. Crawford shall also be entitled to an annual bonus if we meet or exceed criteria adopted by the Compensation Committee of the Board for earning bonuses. Mr. Crawford shall be awarded five (5) year stock options to purchase an aggregate of five hundred thousand (500,000) shares of our common stock, with a strike price based on the closing price of our common stock on March 1, 2013, vesting in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013, provided Mr. Crawford is still employed by us on each such date.

On March 1, 2013, Mr. Nathaniel Bradley was appointed as our Chief Technology Officer and President of IP Services. Pursuant to the Employment Agreement between the Company and Mr. Bradley dated March 1, 2013 ("Bradley Employment Agreement"), Mr. Bradley shall serve as the Company's Chief Technology Officer and President of IP Services for two (2) years. The Bradley Employment Agreement shall be automatically renewed for successive one (1) year periods thereafter. Mr. Bradley shall be entitled to a base salary at an annual rate of \$195,000, with such upward adjustments as shall be determined by the Board in its sole discretion. Mr. Bradley shall also be entitled to an annual bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board for earning bonuses. Mr. Bradley shall be awarded five (5) year stock options to purchase an aggregate of one million (1,000,000) shares of the Company's common stock, with a strike price based on the closing price of the Company's common stock on March 1, 2013, vesting in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013, provided Mr. Bradley is still employed by the Company on each such date. On June 19, 2013, our Board accepted resignation of Mr. Nathaniel Bradley from his position of Chief Technology Officer and President of IP Services. In connection with his resignation, Mr. Bradley entered into a Separation and Release Agreement with the Company ("Separation and Release Agreement"), pursuant to which, Mr. Bradley is entitled to a severance payment of \$16,250 and 125,000 options previously granted to him under his employment agreement, which - vested but were subsequently forfeited. Pursuant to the Separation and Release Agreement, Mr. Bradley also agreed to provide periodic consultation to the Company as requested at an agreed upon hourly rate of \$75.00.

On November 18, 2013, we entered into a 2-year Executive Employment Agreement with Richard Raisig ("Raisig Agreement"), pursuant to which Mr. Raisig shall serve as our Chief Financial Officer, effective December 3, 2013. Pursuant to the terms of the Raisig Agreement, Mr. Raisig shall receive a base salary at an annual rate of \$250,000.00 and an annual bonus up to 100% of Mr. Raisig's base salary as determined by the Compensation Committee of the Board. As further consideration for Mr. Raisig's services, we agreed to issue Mr. Raisig ten (10) year stock options to purchase an aggregate of 115,000 shares of common stock, with a strike price of \$5.70 per share, vesting in twenty-four (24) equal installments on each monthly anniversary of the date of the Raisig Agreement, provided Mr. Raisig is still employed by us on each such date.

Directors' Compensation

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during 2013 and 2012 awarded to, earned by or paid to our directors. The value attributable to any Warrant Awards reflects the grant date fair values of stock awards calculated in accordance with FASB Accounting Standards Codification Topic 718. As described further in Note 6 – Stockholders' Equity (Deficit) – Common Stock Warrants to our consolidated year-end financial statements, a discussion of the assumptions made in the valuation of these warrant awards.

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Warrant awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Stuart Smith							
2013	-	101,250	-	-	-	-	101,250
2012	-	-	124,725	-	-	-	124,725
Craig Nard							
2013	-	-	-	-	-	62,863	62,863
2012	-	-	-	-	-	-	-
William Rosellini							
2013	-	-	-	-	-	62,863	62,863
2012	-	-	-	-	-	-	-
David Rector (1)							
2013	-	-	-	-	-	-	-
2012	-	-	124,725	-	-	-	124,725
Joshua Bleak (2)							
2013	-	-	-	-	-	-	-
2012	-	-	349,230	-	-	-	349,230

(1) David Rector resigned from his position as Director on March 8, 2013.

(2) Joshua Bleak resigned from his position as Director on March 8, 2013.

Grants of Plan Based Awards and Outstanding Equity Awards at Fiscal Year-End

On August 1, 2012, our board of directors and stockholders adopted the 2012 Equity Incentive Plan, pursuant to which 769,231 shares of our common stock are reserved for issuance as awards to employees, directors, consultants, advisors and other service providers, after giving effect to the Reverse Split.

Name	Option awards				Stock awards				
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#)	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of stock that have not vested (\$)	Equity incentive plan awards: Number of shares, units or rights that have not vested (#)	Equity incentive plan awards: Market value of unearned shares, units or other rights that have not vested (\$)
Doug Croxall	83,333	70,513	-	6.50	11/14/22	-	-	-	-
Doug Croxall	38,462	115,385	-	5.27	06/11/18	-	-	-	-
Doug Croxall	4,167	95,833	-	5.93	11/18/23	-	-	-	-
Richard Raisig	-	115,000	-	5.70	12/03/23	-	-	-	-
John Stetson	-	38,462	-	6.50	01/28/23	-	-	-	-
James Crawford	9,615	28,846	-	4.94	06/19/18	-	-	-	-

(1) On November 14, 2012, Mr. Croxall received an option to purchase an aggregate of 153,846 shares of Common Stock at \$6.50 per share, after giving effect to the Reverse Split. The option shall become exercisable during the term of Mr. Croxall's employment in twenty-four (24) equal monthly installments on each monthly anniversary of the date of the Mr. Croxall's employment.

Long-Term Incentive Plan

On August 1, 2012, our board of directors and stockholders adopted the 2012 Equity Incentive Plan, pursuant to which 769,231 shares of our common stock are reserved for issuance as awards to employees, directors, consultants, advisors and other service providers, after giving effect to the Reverse Split.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the Board of Directors or compensation committee of any other entity that has one or more of its executive officers serving as a member of our Board of Directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 28, 2014: (i) by each of our directors, (ii) by each of the Named Executive Officers, (iii) by all of our executive officers and directors as a group, and (iv) by each person or entity known by us to beneficially own more than five percent (5%) of any class of our outstanding shares. The percentage ownership of each beneficial owner is calculated after giving effect to the Reverse Split. As of March 28, 2014, there were 5,489,593 shares of our common stock outstanding, after giving effect to the Reverse Split.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾				Percentage of Common Stock (%)
	Common Stock	Options	Warrants	Total	
Officers and Directors					
Doug Croxall (Chairman and CEO)	307,692	210,886	0	518,578	9.10%
John Stetson (EVP, Secretary and Director)	180,824 ⁽⁴⁾	12,820 ⁽⁵⁾	3,201 ⁽⁶⁾	196,845	3.58%
Richard Raisig Chief Financial Officer (CFO)	0	28,746 ⁽¹⁴⁾	0	28,746	*
James Crawford (COO)	0	17,622 ⁽⁷⁾	0	17,622	*
Stuart Smith (Director)	105,770	0	24,039 ⁽⁸⁾	129,809	2.35%
Craig Nard (Director)	0	7,844 ⁽⁹⁾	0	7,844	*
William Rosellini (Director)	0	7,844 ⁽¹⁰⁾	0	7,844	*
All Directors and Executive Officers (six persons)	594,286	285,762	27,240	907,288	15.64%
Persons owning more than 5% of voting securities					
TechDev Holdings LLC (12)	461,539	0	0	461,539	8.41%
The Feinberg Family Trust (13)	523,980	0	216,346 ⁽¹¹⁾	740,326	12.97%
Barry Honig	365,619 ⁽¹⁵⁾	0	35,541 ⁽¹⁶⁾	401,160	7.26%

* Less than 1%

(1) Amounts set forth in the table and footnotes gives effect to the Reverse Split that we effectuated on July 18, 2013. In determining beneficial ownership of our common stock as of a given date, the number of shares shown includes shares of common stock which may be acquired on exercise of warrants or options or conversion of convertible securities within 60 days of that date. In determining the percent of common stock owned by a person or entity on March 28, 2014, (a) the numerator is the number of shares of the class beneficially owned by such person or entity, including shares which may be acquired within 60 days on exercise of warrants or options and conversion of convertible securities, and (b) the denominator is the sum of (i) the total shares of common stock outstanding on March 28, 2014 (5,489,593), and (ii) the total number of shares that the beneficial owner may acquire upon conversion of the preferred and on exercise of the warrants and options, subject to limitations on conversion and exercise as more fully described in note 10 below. Unless otherwise stated, each beneficial owner has sole power to vote and dispose of its shares.

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- (2) Held by LVL Patent Group LLC, over which Mr. Croxall holds voting and dispositive power.
- (3) Represents options to purchase 115,380 shares of common stock at an exercise price of \$6.50 per share, options to purchase 70,510 shares of common stock at an exercise price of \$5.265 per share and options to purchase 24,996 shares of common stock at an exercise price of \$5.93 per share and excludes options to purchase 38,466 shares of common stock at an exercise price of \$6.50 per share, options to purchase 83,336 shares of common stock at an exercise price of \$5.265 per share and options to purchase 75,004 shares of common stock at an exercise price of \$5.93 per share that are not exercisable within 60 days of March 28, 2014.
- (4) Represents 121,786 shares held by Mr. Stetson individually, 5,769 shares held by HS Contrarian Investments LLC and 53,269 shares held by Stetson Capital Investments, Inc. Mr. Stetson is the President of Stetson Capital Investments, Inc. and the manager of HS Contrarian Investments LLC and in such capacities is deemed to have voting and dispositive power over shares held by such entities.
- (5) Represents options to purchase 12,820 shares of common stock at an exercise price of \$6.50 per share and excludes options to purchase 25,642 shares of common stock at an exercise price of \$6.50 per share that do not vest and are not exercisable within 60 days of March 28, 2014.
- (6) Represents a warrant to purchase 3,201 shares of common stock at an exercise price of \$7.80 per share.
- (7) Represents options to purchase 17,622 shares of common stock at an exercise price of \$4.94 per share and excludes options to purchase 20,840 shares of common stock that do not vest and are not exercisable within 60 days of March 28, 2014.
- (8) Represents a warrant to purchase 14,423 shares of common stock at an exercise price of \$6.50 per share and a warrant to purchase 9,616 shares of common stock at an exercise price of \$7.80 per share.
- (9) Represents options to purchase 2,564 shares of common stock at an exercise price of \$6.50 per share and options to purchase 5,280 shares of common stock at an exercise price of \$5.265 per share and excludes options to purchase 5,128 shares of common stock at an exercise price of \$6.50 per share and options to purchase 6,258 shares of common stock at an exercise price of \$5.265 per share that do not vest and are not exercisable within 60 days of March 28, 2014.
- (10) Represents options to purchase 2,564 shares of common stock at an exercise price of \$6.50 per share and options to purchase 5,280 shares of common stock at an exercise price of \$5.265 per share and excludes options to purchase 5,128 shares of common stock at an exercise price of \$6.50 per share and options to purchase 6,258 shares of common stock at an exercise price of \$5.265 per share that do not vest and are not exercisable within 60 days of March 28, 2014.
- (11) Represent a warrant to purchase 216,346 shares of common stock at an exercise price of \$6.50 per share and excludes options to purchase 100,000 shares of common stock that do not vest and are not exercisable within 60 days of March 28, 2014.
- (12) Acclaim Financial Group, LLC ("AFG") is the sole member of TechDev Holdings LLC. Accordingly, AFG may be deemed to beneficially own all of the shares that are owned by TechDev Holdings LLC. Audrey Spangenberg is the sole managing member of AFG, and accordingly may be deemed to beneficially own all of the shares that are owned by TechDev. Ms. Spangenberg disclaims beneficial ownership of these securities.
- (13) Represents 740,326 shares of common stock beneficially owned by Jeffrey Feinberg, as reported on the Schedule 13-G filed with the SEC on December 10, 2013. Jeffrey Feinberg is the trustee of The Feinberg Family Trust and holds voting and dispositive power over shares held by The Feinberg Family Trust.
- (14) Represents options to purchase 28,746 shares of common stock at an exercise price of \$5.70 per share and excludes options to purchase 86,254 shares of common stock that do not vest and are not exercisable within 60 days of March 28, 2014.

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(15) Represents 102,339 shares of common stock directly, 40,997 shares of common stock held by GRQ Consultants, Inc. (“GRQ”), 121,933 shares of common stock held by GRQ Consultants, Inc. 401k Plan (“GRQ 401k Plan”), 63,030 shares of common stock held by GRQ Consultants, Inc. Defined Benefit Plan (“GRQ Defined Plan”), 121,933 shares of common stock held by GRQ Consultants, Inc. Roth 401k Plan (“GRQ Roth 401k Plan”). Mr. Honig is the President of GRQ and the trustee of GRQ 401k Plan, GRQ Defined Plan and GRQ Roth 401k Plan and is deemed to hold voting and dispositive power over shares held by such entities.

(16) Represents 9,616 shares of common stock underlying warrants with an exercise price of \$6.50 per share held directly, 14,423 shares of common stock underlying warrants with an exercise price of \$6.50 per share held by GRQ 401k Plan, 8,654 shares of common stock underlying warrants with an exercise price of \$7.80 per share held by GRQ Roth 401k Plan and 2,848 shares of common stock underlying warrants with an exercise price of \$6.50 per share held by GRQ Roth 401k Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Between February 2010 and March 2010, Christopher Clitheroe, our former Secretary and a Director, loaned us an aggregate of \$1,375 for operating expenses. Between April 2011 and September 2011, Mr. Clitheroe loaned us an aggregate of \$9,675 for operating expenses. These loans were non-interest bearing and were due on demand. On December 13, 2011, Mr. Clitheroe agreed to waive these loans.

In November 2011, we issued a promissory note for \$53,500 to an affiliated company owned by the officers of Amicor (as defined herein). The note was payable in full without interest on or before January 15, 2012. In December 2011, we issued a promissory note for \$99,474 to an affiliated company owned by the officers of Amicor. The note was payable in full without interest on or before January 15, 2012. Such note was issued in connection with the execution of a lease assignment agreement between us and the affiliated company for certain mineral rights located in San Juan County, Utah. On January 30, 2012, we paid both promissory notes above for a total of \$152,974. The affiliated company agreed not to charge us a late penalty fee upon satisfaction of the notes.

On January 26, 2012, we entered into a 1 year consulting agreement with GRQ Consultants, Inc., pursuant to which such consultant will provide certain services to us in consideration for which we sold to the consultant warrants to purchase an aggregate of 134,615 shares of our common stock with an exercise price of \$6.50. Barry Honig is the owner of GRQ Consultants, Inc. GRQ Consultants, Inc. 401(k), which is also owned by Mr. Honig, purchased an aggregate of \$500,000 of shares of common stock in the our private placement. In addition, we entered into an Option Agreement with Pershing and Mr. Honig is a member of Pershing’s board of directors. Additionally, we entered into consulting agreement with Melechdavid Inc. in consideration for which we sold to Melechdavid Inc. warrants to purchase an aggregate of 134,615 shares of our common stock with an exercise price of \$6.50 per share. Our former Chief Executive Officer is the President of Melechdavid Inc. .

On January 26, 2012, we entered into an option agreement with Pershing pursuant to which we purchased the option to acquire certain uranium properties in consideration for (i) a \$1,000,000 promissory note payable in installments upon satisfaction of certain conditions, expiring six months following issuance and (ii) 769,231 shares of our common stock. Pursuant to the terms of the note, upon the closing of a private placement in which we receive gross proceeds of at least \$5,000,000, we shall repay \$500,000 under the note. Additionally, upon the closing of a private placement in which we receive gross proceeds of at least an additional \$1,000,000, we shall pay the outstanding balance under the note. The note does not bear interest. On January 26, 2012, in conjunction with a private placement, we paid Pershing \$500,000 under the terms of the note. Pershing may have been deemed to be our initial promoter. Additionally, Barry Honig was, until February 9, 2012, the Chairman of Pershing and had been a shareholder of Continental Resources Group, Inc., the then- controlling shareholder of Pershing, since 2009. Mr. Honig remains a director of Pershing. Mr. Honig is also the sole owner, officer and director of GRQ Consultants, Inc. David Rector, a then-member of our board of directors, was the President and a director of Pershing at the time of the transaction and Joshua Bleak, our former director, was the Chief Executive Officer of Continental. Mr. Rector resigned as the President of Pershing on March 6, 2012 and on such date was appointed as the Treasurer and Vice President of Administration and Finance of Pershing. In November 2012, David Rector resigned from Pershing as Treasurer, Vice President of Administration and Finance and member of the board of directors.

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On January 26, 2012, we issued a ten-year warrant to purchase an aggregate of 13,077 shares of common stock with an exercise price of \$6.50 per share to Daniel Bleak, an outside consultant to us, which vests in three equal annual installments with the first installment vesting one year from the date of issuance. Daniel Bleak is the father of Joshua Bleak, a former member of our board of directors. Additionally, in August 2012, we paid Daniel Bleak \$50,000 for research and business advisory services rendered pursuant to a Professional Service Agreement executed on August 1, 2012.

On January 26, 2012, we issued warrants to purchase an aggregate of 207,692 shares of common stock at an exercise price of \$6.50 per share to Joshua Bleak, David Rector, Stuart Smith and George Glasier, our then- directors.

On March 19, 2012, we entered into an agreement with California Gold Corp., pursuant to which we agreed to provide California Gold Corp. with a geological review on or prior to March 30, 2012, of certain uranium properties in consideration for \$125,000. David Rector, our former director, is a member of California Gold Corp.'s board of directors.

Our former principal place of business was located in a building owned by Silver Hawk Ltd., a Colorado corporation. George Glasier, our former Chief Executive Officer, is the President and Chief Executive Officer of Silver Hawk Ltd. We leased our office space on a month to month basis at a monthly rate of \$850 pursuant to a lease effective January 1, 2012. Under the terms of a Rescission Agreement dated June 11, 2012, our lease for such office space was terminated.

On June 11, 2012, we exercised the option we purchased from Pershing through the assignment of Pershing's wholly owned subsidiary, Continental Resources Acquisition Sub, Inc., a Florida corporation, which is the owner of 100% of the issued and outstanding common stock of each of Green Energy Fields, Inc., a Nevada corporation (which is the owner of 100% of the issued and outstanding common stock of CPX Uranium, Inc.) and ND Energy, Inc., a Delaware corporation. Additionally, ND Energy, Inc. and Green Energy Fields, Inc. hold a majority of the outstanding membership interests of Secure Energy LLC. Through our acquisition of the above entities, we acquired certain uranium properties and claims.

Between June 2012 and July 2012, we loaned \$147,708 to an affiliated company in exchange for a secured promissory note. The note bore 6% interest per annum and shall become due and payable on or before June 29, 2013. This note was secured by a real estate property owned by the affiliated company. In November 2012, we collected a total of \$218,218 from the affiliated company and such payment was applied towards the principal amount of \$147,708 and interest of \$70,510. We recognized interest income of \$70,510 during the year ended December 31, 2012 and are included in the loss from discontinued operations as this transaction relates to our real estate business. Barry Honig, the President of the affiliated company, is one of our shareholders.

In August 2012, we issued 23,305 shares of common stock in connection with the exercise of 46,154 stock warrants on a cashless basis. The warrant holder was Melechdavid, Inc. who purchased 46,154 warrants from a third party in June 2012. Our former Chief Executive Officer is the President of Melechdavid, Inc. Additionally, in November 2012, we received a notice from the former Chief Executive Officer that the former Chief Executive Officer had violated Section 16(b) of the Exchange Act as a result of certain purchases and sales of shares of our common stock made by the former Chief Executive Officer within a period of less than six months that generated short-swing profits under Section 16(b). In December 2012, the former Chief Executive Officer made a \$50,000 payment to us in disgorgement of the short-swing profits.

On November 14, 2012, we entered into a share exchange agreement with Sampo and the members of Sampo. Upon closing of the transaction contemplated under the share exchange agreement, on November 14, 2012, the Sampo Members (six members) transferred all of the issued and outstanding membership interests of Sampo to us in exchange for an aggregate of 711,538 shares of our Common Stock. Such exchange caused Sampo to become our wholly-owned subsidiary. LVL Patent Group LLC, of which Mr. Croxall is the Chief Executive Officer, and John Stetson were former members of Sampo and received 307,692 and 38,462 shares of our common stock, respectively, in connection with the share exchange.

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On May 31, 2013, Barry Honig, a beneficial owner of more than 5% of our common stock at the time, purchased an aggregate of \$100,000 of shares of common stock and warrants in our private placement.

On August 2, 2013, GRQ Consultants Inc. 401K funded a subscription of \$150,000 of shares of common stock and warrants in our private placement, which was assigned to it by another investor. Barry Honig is the trustee of GRQ Consultants Inc. 401K and was a beneficial owner of more than 5% of our common stock at the time of the transaction.

On November 11, 2013, we entered into a consulting agreement with Kairix, pursuant to which we granted options to acquire 300,000 shares of common stock to Kairix in exchange for services. The options shall vest 33%, 33% and 34% on each annual anniversary of the date of the issuance. Craig Nard, a member of our board of directors, is a principal of Kairix.

On November 18, 2013, we entered into Amendment No. 1 to the Executive Employment Agreement with our Chief Executive Officer and Chairman, Doug Croxall, pursuant to which Mr. Croxall's base salary was raised to \$480,000, subject to a 3% increase every year commencing on November 14, 2014. We also granted Mr. Croxall a bonus of \$350,000 and ten year stock options to purchase an aggregate of 100,000 shares of our common stock, with a strike price of \$5.93 per share (representing the closing price on the date of grant), vesting in twenty-four (24) equal installments on each monthly anniversary of the date of grant.

On November 18, 2013, we entered into a consulting agreement with Jeff Feinberg ("Feinberg Agreement"), pursuant to which we agreed to grant Mr. Feinberg 100,000 shares of our restricted common stock; 50% of which shall vest on the one-year anniversary of the Feinberg Agreement and the remaining 50% of which shall vest on the second year anniversary of the Feinberg Agreement. Mr. Feinberg is the trustee of The Feinberg Family Trust and holds voting and dispositive power over shares held by The Feinberg Family Trust, which is a 10% beneficial owner of our common stock.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

During the years ended December 31, 2013, and 2012, we engaged KBL, LLP, as our independent auditor. For the years ended December 31, 2013, and 2012, we incurred fees as discussed below:

	Fiscal Year Ended	
	December 31, 2013	December 31, 2012
Audit fees	\$ 75,000	\$ 27,500
Audit – related fees	-	-
Tax fees	-	-
All other fees	-	-

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements. All other fees relate to professional services rendered in connection with the review of the quarterly financial statements.

Our policy is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Under our audit committee's policy, pre-approval is generally provided for particular services or categories of services, including planned services, project based services and routine consultations. In addition, the audit committee may also pre-approve particular services on a case-by-case basis. Our audit committee approved all services that our independent accountants provided to us in the past two fiscal years.

PART IV

ITEM 15. EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on December 9, 2011)
3.2	Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on December 9, 2011)
3.3	Certificate of Amendment to Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on February 20, 2013)
3.4	Certificate of Amendment to Amended and Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on February 20, 2013)
10.1	Form of Option Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.2	Form of Promissory Note (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.3	Share Exchange Agreement (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.4	Form of Warrant (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.5	Agreement of Conveyance, Transfer and Assignment of Assets and Assumptions of Obligations (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.6	Stock Purchase Agreement for Split-Off (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.7	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.8	Employment Agreement between the Company and George Glasier (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.9	Form of Consulting Agreement (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.10	Form of Director Warrant (with vesting) (Incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.11	Form of Directors and Officers Indemnification Agreement (Incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K filed with the SEC on January 30, 2012)
10.12	Mining Lease Agreement by and between Kyle Kimmerle and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.13	Mining Lease Agreement by and between Charles Kimmerle and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.14	Mining Lease Agreement by and between Kimmerle Mining LLC and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.15	Mining Lease Agreement by and among Kyle Kimmerle, David Kimmerle and Charles Kimmerle and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.16	Mining Lease Agreement by and among Kyle Kimmerle, Kimmerle Mining LLC and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on March 16, 2011)
10.17	Mining Lease Agreement by and between David Kimmerle and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.18	Mining Lease Agreement by and between B-Mining Company and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.19	Mining Lease Agreement by and between Carla Rosas Zepeda and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.20	Mining Lease Agreement by and between Andrews Mining LLC and the Company, dated November 2, 2011 (Incorporated by reference to Exhibit 10.20 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.21	Lease Assignment/Acceptance Agreement by and between Nuclear Energy Corporation LLC and the Company, dated December 28, 2011 (Incorporated by reference to Exhibit 10.21 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.22	Rental Agreement by and between the Company and Silver Hawk Ltd., dated January 1, 2012 (Incorporated by reference to Exhibit 10.22 to the Current Report on Form 8-K filed with the SEC on March 14, 2011)
10.23	Mining Claim & Lease Sale/Purchase Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 14, 2012)
10.24	Option Agreement for Purchase of Mining Claims (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 15, 2012)
10.25	Forms of Quitclaim Deed (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on March 15, 2012)
10.26	Agreement with California Gold Corp., dated March 19, 2012 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 23, 2012)
10.27	Consulting Agreement, dated January 26, 2012 (Incorporated by reference to Exhibit 10.23 to the Current Report on Form 8-K filed with the SEC on April 10, 2012)
10.28	Rescission Agreement dated as of June 11, 2012 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 15, 2012)

10.29	Assignment Agreement dated as of June 11, 2012 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 15, 2012)
10.30	Employment Agreement between the Company and John Stetson dated August 3, 2012 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on August 7, 2012)
10.31	Employment Agreement between the Company and Mark Groussman dated August 3, 2012 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on August 7, 2012)
10.32	Share Exchange Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2012)
10.33	Employment Agreement between the Company and Doug Croxall (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2012)
10.34	Consulting Agreement with C&H Capital, Inc. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2012)
10.35	Form of Indemnification Agreement between the Company and Doug Croxall (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2012)
10.36	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 28, 2012)
10.37	Form of Warrant (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on December 28, 2012)
10.38	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on December 28, 2012)
10.39	Employment Agreement between the Company and John Stetson dated January 28, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 29, 2013)
10.40	Employment Agreement between the Company and Nathaniel Bradley dated March 1, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 6, 2013)
10.41	Employment Agreement between the Company and James Crawford dated March 1, 2013 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 6, 2013)
10.42	Independent Director Agreement between the Company and Craig Nard dated March 8, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 11, 2013)
10.43	Independent Director Agreement between the Company and William Rosellini dated March 8, 2013 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 11, 2013)
10.44	Merger Agreement dated as of April 22, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 26, 2013)
10.45	Form of Promissory Note (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on April 26, 2013)
10.46	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on April 26, 2013)
10.47	License Agreement (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on April 26, 2013)
10.48	Merger Agreement dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 3, 2013)
10.50	Form of Securities Purchase Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 3, 2013)
10.51	Form of Warrant (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 3, 2013)
10.52	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on June 3, 2013)
10.53	Separation and Release Agreement between the Company and Nathaniel Bradley dated June 19, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 24, 2013)
10.54	Lease Agreement by and between Westwood Gateway II LLC and the Company dated October 14, 2013*
10.55	Patent Purchase Agreement by and between Delphi Technologies, Inc. and Loopback Technologies, Inc. dated October 31, 2013*+
10.56	Amendment No. 1 to the Executive Employment Agreement between the Company and Doug Croxall dated November 18, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 22, 2013)
10.57	Executive Employment Agreement between the Company and Richard Raisig dated November 18, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 22, 2013)
10.58	Consulting Agreement between the Company and Jeff Feinberg dated November 18, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 22, 2013)
10.59	Amendment to the Patent Purchase Agreement by and between Delphi Technologies, Inc. and Loopback Technologies, Inc. dated December 16, 2013.*+
14.1	Code of Business Conduct and Ethics*
21.1	List of Subsidiaries*
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Section 1350 Certification of the Chief Executive Officer *
32.2	Section 1350 Certification of the Chief Financial Officer *
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herein.

+ The Company has requested confidential treatment for certain portions of this exhibit. This exhibit omits the information subject to this confidentiality request. Omitted portions have been filed separately with the SEC.

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.

Date: March 31, 2014

MARATHON PATENT GROUP, INC.

By: /s/ Doug Croxall

Name: Doug Croxall
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Richard Raisig

Name: Richard Raisig
Title: Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Doug Croxall</u> Doug Croxall	Chief Executive Officer and Chairman (Principal Executive Officer)	March 31, 2014
<u>/s/ Richard Raisig</u> Richard Raisig	Chief Financial Officer (Principal Financial Officer)	March 31, 2014
<u>/s/ John Stetson</u> John Stetson	Executive Vice President, Secretary and Director	March 31, 2014
<u>/s/ Stuart Smith</u> Stuart Smith	Director	March 31, 2014
<u>/s/ Craig Nard</u> Craig Nard	Director	March 31, 2014
<u>/s/ William Rosellini</u> William Rosellini	Director	March 31, 2014

LEASE

BETWEEN

WESTWOOD GATEWAY II LLC

AND

MARATHON PATENT GROUP, INC.

**LEASE
(Short Form)**

THIS LEASE is made as of the 14th day of October, 2013, by and between **WESTWOOD GATEWAY II LLC**, a Delaware limited liability company, hereafter called "**Landlord**," and **MARATHON PATENT GROUP, INC.**, a Nevada corporation, hereafter called "**Tenant**."

ARTICLE 1. BASIC LEASE PROVISIONS

Each reference in this Lease to the "**Basic Lease Provisions**" shall mean and refer to the following collective terms, the application of which shall be governed by the provisions in the remaining Articles of this Lease.

1. **Tenant's Trade Name:** N/A
2. **Premises:** Suite No. 380
Address of Building: 11100 Santa Monica Blvd., Los Angeles, CA 90025
Project Description: Westwood Gateway II
(The Premises are more particularly described in Section 2.1).
3. **Use of Premises:** General office and for no other use.
4. **Commencement Date:** May 1, 2014
5. **Lease Term:** The Term of this Lease will expire at midnight on April 30, 2021.

6. **Basic Rent:**

Months of Term or Period	Monthly Rate Per Rentable Square Foot	Monthly Basic Rent (rounded to the nearest dollar)
5/1/14 to 4/30/15	\$3.05	\$5,283.00
5/1/15 to 4/30/16	\$3.19	\$5,525.00
5/1/16 to 4/30/17	\$3.33	\$5,768.00
5/1/17 to 4/30/18	\$3.48	\$6,027.00
5/1/18 to 4/30/19	\$3.64	\$6,304.00
5/1/19 to 4/30/20	\$3.80	\$6,582.00
5/1/20 to 4/30/21	\$3.97	\$6,876.00

Notwithstanding the above schedule of Basic Rent to the contrary, as long as Tenant is not in Default (as defined in Section 14.1) under this Lease, Tenant shall be entitled to an abatement of 5 full calendar months of Basic Rent in the aggregate amount of \$26,415.00 (i.e. \$5,283.00 per month) (the "**Abated Basic Rent**") for the first 5 full calendar months of the Term (the "**Abatement Period**"). In the event Tenant Defaults at any time during the Term, all Abated Basic Rent shall immediately become due and payable. The payment by Tenant of the Abated Basic Rent in the event of a Default shall not limit or affect any of Landlord's other rights, pursuant to this Lease or at law or in equity. Only Basic Rent shall be abated during the Abatement Period and all other additional rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.

7. **Property Tax Base:** The Property Taxes per rentable square foot incurred by Landlord and attributable to the

twelve month period ending June 30, 2014 (the "**Base Year**").

Project Cost Base: The Project Costs per rentable square foot incurred by Landlord and attributable to the Base Year.

Expense Recovery Period: Every twelve month period during the Term (or portion thereof during the first and last Lease years) ending June 30.

8. **Floor Area of Premises:** approximately 1,732 rentable square feet (Landlord and Tenant stipulate and agree that the Floor Area of Premises is correct).

Floor Area of Building: approximately 292,056 rentable square feet

9. **Security Deposit:** \$7,564.00

10. **Broker(s):** Irvine Realty Company ("**Landlord's Broker**") and Guardian Commercial Realty ("**Tenant's Broker**")

11. **Parking:** 6 parking passes in accordance with the provisions set forth in **Exhibit F** to this Lease.

12. **Address for Payments and Notices:**

LANDLORD

TENANT

Payment Address:

Marathon Patent Group, Inc.
11100 Santa Monica Blvd., Suite 380
Los Angeles, CA 90025

WESTWOOD GATEWAY II LLC
PO Box #842470
Los Angeles, CA 90084-2470

Notice Address:

THE IRVINE COMPANY LLC
11100 Santa Monica Boulevard, Suite 100
Los Angeles, CA, 90025
Attn: Property Manager

with a copy of notices to:

THE IRVINE COMPANY LLC
550 Newport Center Drive
Newport Beach, CA 92660
Attn: Senior Vice President, Property Operations
Irvine Office Properties

13. **List of Lease Exhibits** (all exhibits, riders and addenda attached to this Lease are hereby incorporated into and made a part of this Lease):

Exhibit A	Description of Premises
Exhibit B	Operating Expenses
Exhibit C	Utilities and Services
Exhibit D	Tenant's Insurance
Exhibit E	Rules and Regulations
Exhibit F	Parking
Exhibit G	Additional Provisions
Exhibit X	Work Letter

ARTICLE 2. PREMISES

2.1. LEASED PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the Premises shown in **Exhibit A** (the "**Premises**"), containing approximately the floor area set forth in Item 8 of the Basic Lease Provisions (the "**Floor Area**"). The Premises are located in the building identified in Item 2 of the Basic Lease Provisions (the "**Building**"), which is a portion of the project described in Item 2 (the "**Project**").

2.2. ACCEPTANCE OF PREMISES. Tenant is currently occupying the Premises under the terms of an existing sub-sublease agreement, which is currently scheduled to expire at midnight on April 30, 2014. Tenant acknowledges that, except for the items required to be accomplished by Landlord under the Work Letter attached as **Exhibit X**, it is satisfied with the condition of the Premises. In no event shall this clause nullify any Landlord obligations under the Lease.

ARTICLE 3. TERM

3.1. GENERAL. The term of this Lease ("**Term**") shall be for the period shown in Item 5 of the Basic Lease Provisions. The Term shall commence ("**Commencement Date**") on the Commencement Date as set forth in Item 4 of the Basic Lease Provisions and shall end upon the expiration of the period set forth in Item 5 of the Basic Lease Provisions ("**Expiration Date**").

ARTICLE 4. RENT AND OPERATING EXPENSES

4.1. BASIC RENT. From and after the Commencement Date, Tenant shall pay to Landlord without deduction or offset a Basic Rent for the Premises in the total amount shown (including subsequent adjustments, if any) in Item 6 of the Basic Lease Provisions (the "**Basic Rent**"). If the Commencement Date is other than the first day of a calendar month, any rental adjustment shown in Item 6 shall be deemed to occur on the first day of the next calendar month following the specified monthly anniversary of the Commencement Date. The Basic Rent shall be due and payable in advance commencing on the Commencement Date and continuing thereafter on the first day of each successive calendar month of the Term, as prorated for any partial month. No demand, notice or invoice shall be required. An installment in the amount of 1 full month's Basic Rent at the initial rate specified in Item 6 of the Basic Lease Provisions shall be delivered to Landlord concurrently with Tenant's execution of this Lease.

4.2. OPERATING EXPENSES. Tenant shall pay Tenant's Share of Operating Expenses in accordance with **Exhibit B** of this Lease.

4.3. SECURITY DEPOSIT. Concurrently with Tenant's delivery of this Lease, Tenant shall deposit with Landlord the sum, if any, stated in Item 9 of the Basic Lease Provisions (the "**Security Deposit**"), to be held by Landlord as security for the full and faithful performance of Tenant's obligations under this Lease, to pay any rental sums, including without limitation such additional rent as may be owing under any provision hereof, and to maintain the Premises as required by this Lease. Upon any breach of the foregoing obligations by Tenant, Landlord may apply all or part of the Security Deposit as full or partial compensation. If any portion of the Security Deposit is so applied, Tenant shall within 15 days after written demand by Landlord deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall not be required to keep this Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. In no event may Tenant utilize all or any portion of the Security Deposit as a payment toward any rental sum due under this Lease. Any unapplied balance of the Security Deposit shall be returned to Tenant or, at Landlord's option, to the last assignee of Tenant's interest in this Lease within 30 days following the termination of this Lease and Tenant's vacation of the Premises. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor laws now or hereafter in effect.

ARTICLE 5. USES

5.1. USE. Tenant shall use the Premises only for the purposes stated in Item 3 of the Basic Lease Provisions and for no other use whatsoever. Tenant shall not do or permit anything to be done in or about the Premises which will in any way interfere with the rights or quiet enjoyment of other occupants of the Building or the Project, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant permit any nuisance in the Premises or the Project. Tenant shall comply at its expense with all present and future laws, ordinances and requirements of all governmental authorities in all material respects that pertain to Tenant or its use of the Premises, and with all energy usage reporting requirements of Landlord. As of the date of this Lease, there has been no inspection of the Building and Project by a Certified Access Specialist as referenced in Section 1938 of the California Civil Code.

5.2. SIGNS. Landlord shall affix and maintain a sign (restricted solely to Tenant's name as set forth herein or such other name as Landlord may consent to in writing) adjacent to the entry door of the Premises, together with a directory strip listing Tenant's name as set forth herein in the lobby directory of the Building. Tenant shall not place or allow to be placed any other sign, decoration or advertising matter of any kind that is visible from the exterior of the Premises.

5.3 HAZARDOUS MATERIALS. Tenant shall not generate, handle, store or dispose of hazardous or toxic materials (as such materials may be identified in any federal, state or local law or regulation) in the Premises or Project without the prior written consent of Landlord. Tenant acknowledges that it has read, understands and, if applicable, shall comply with the provisions of **Exhibit H** to this Lease, if that Exhibit is attached.

ARTICLE 6. LANDLORD SERVICES

6.1. UTILITIES AND SERVICES. Landlord and Tenant shall be responsible to furnish those utilities and services to the Premises to the extent provided in **Exhibit C**, subject to the conditions and payment obligations and standards set forth in this Lease. Landlord's failure to furnish, or any interruption, diminishment or termination of, services due to the application of laws, the failure of any equipment, the performance of repairs, improvements or alterations, utility interruptions or the occurrence of an event of force majeure (defined in Section 20.8) shall not render Landlord liable to Tenant, constitute a constructive eviction of Tenant, give rise to an abatement of Rent, nor relieve Tenant from the obligation to fulfill any covenant or agreement.

6.2. OPERATION AND MAINTENANCE OF COMMON AREAS. During the Term, Landlord shall operate all Common Areas within the Building and the Project. The term "**Common Areas**" shall mean all areas within the Building, Project and other buildings in the Project which are not held for exclusive use by persons entitled to occupy space.

6.3. USE OF COMMON AREAS. The occupancy by Tenant of the Premises shall include the use of the Common Areas in common with Landlord and with all others for whose convenience and use the Common Areas may be provided by Landlord, subject, however, to compliance with Rules and Regulations described in Article 17 below. Landlord shall at all times during the Term have exclusive control of the Common Areas, and may reasonably restrain or permit any use or occupancy. Landlord may temporarily close any portion of the Common Areas for repairs, remodeling and/or alterations, to prevent a public dedication or the accrual of prescriptive rights, or for any other reasonable purpose.

ARTICLE 7. REPAIRS AND MAINTENANCE

7.1. TENANT'S MAINTENANCE AND REPAIR. Subject to Articles 11 and 12, Tenant at its sole expense shall make all repairs necessary to keep the Premises and all improvements and fixtures therein in good condition and repair, excepting ordinary wear and tear. Tenant's maintenance obligation shall include without limitation all appliances, interior glass, doors, door closures, hardware, fixtures, electrical within the Premises, plumbing within the Premises, fire extinguisher equipment and other equipment installed in the Premises, together with any supplemental HVAC equipment servicing only the Premises. Should Landlord or its management agent agree to make a repair on behalf of Tenant and at Tenant's request, Tenant shall promptly reimburse Landlord as additional rent for all reasonable and documented costs incurred (including the standard 5% supervision fee) upon submission of an invoice.

7.2. LANDLORD'S MAINTENANCE AND REPAIR. Subject to Articles 11 and 12, Landlord shall provide service, maintenance and repair with respect to the heating, ventilating and air conditioning (“HVAC”) equipment of the Building (exclusive of any supplemental HVAC equipment servicing only the Premises) and shall maintain in good repair the Common Areas, roof, foundations, footings, the exterior surfaces of the exterior walls of the Building (including exterior glass), and the structural, electrical, mechanical and plumbing systems of the Building (including elevators, if any, serving the Building), except to the extent provided in Section 7.1 above. Notwithstanding any provision of the California Civil Code or any similar or successor laws to the contrary, Tenant understands that it shall not make repairs at Landlord's expense or by rental offset. Except as provided in Section 11.1 and Article 12 below, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements to any portion of the Building, including repairs to the Premises, nor shall any related activity by Landlord constitute an actual or constructive eviction. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942 of the California Civil Code, or any similar or successor laws now or hereafter in effect.

7.3. ALTERATIONS. Tenant shall make no alterations, additions, decorations, or improvements, except as set forth in **Exhibit X**, (collectively referred to as “Alterations”) to the Premises without the prior written consent of Landlord, such consent not to be unreasonably withheld or delayed. Landlord may impose, as a condition to its consent, any requirements that Landlord in its discretion may deem reasonable. Tenant shall use Landlord's designated mechanical and electrical contractors, obtain all required permits for the Alterations and shall perform the work in compliance with all applicable laws, regulations and ordinances with contractors reasonably acceptable to Landlord. Except for cosmetic alterations not requiring a permit, Landlord shall be entitled to a supervision fee in the amount of 5% of the cost of the Alterations. Landlord may elect to cause its architect to review Tenant's architectural plans, and the reasonable cost of that review shall be reimbursed by Tenant. Should the Alterations proposed by Tenant and consented to by Landlord change the floor plan of the Premises, then Tenant shall, at its expense, furnish Landlord with as-built drawings and CAD disks compatible with Landlord's systems. Unless Landlord otherwise agrees in writing, all Alterations affixed to the Premises, including without limitation all Tenant Improvements constructed pursuant to the Work Letter (except as otherwise provided in the Work Letter), but excluding moveable trade fixtures and furniture, shall become the property of Landlord and shall be surrendered with the Premises at the end of the Term, except that Landlord may, by notice to Tenant given at least 30 days prior to the Expiration Date, require Tenant to remove by the Expiration Date, or sooner termination date of this Lease, all or any Alterations (including without limitation all telephone and data cabling) installed either by Tenant or by Landlord at Tenant's request (collectively, the “Required Removables”). In connection with its removal of Required Removables, Tenant shall repair any damage to the Premises arising from that removal and shall restore the affected area to its pre-existing condition, reasonable wear and tear excepted.

7.4. MECHANIC'S LIENS. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant. In the event that Tenant shall not, within 15 days following the imposition of any lien, cause the lien to be released of record by payment or posting of a proper bond in accordance with California Civil Code Section 8424 or any successor statute, Landlord shall have, in addition to all other available remedies, the right to cause the lien to be released by any means it deems proper, including payment of or defense against the claim giving rise to the lien. All expenses so incurred by Landlord shall be reimbursed by Tenant promptly following Landlord's demand. Tenant shall give Landlord no less than 20 days' prior notice in writing before commencing construction of any kind on the Premises.

7.5. ENTRY AND INSPECTION. Landlord shall at all reasonable times and with reasonable prior verbal notice, except in emergencies or to provide Building services, have the right to enter the Premises to inspect them, to supply services in accordance with this Lease, to make repairs and renovations as reasonably deemed necessary by Landlord, and to submit the Premises to prospective or actual purchasers or encumbrance holders (or, during the final twelve months of the Term or when an uncured Default exists, to prospective tenants), all without being deemed to have caused an eviction of Tenant and without abatement of rent except as provided elsewhere in this Lease. Notwithstanding the foregoing, Landlord will use reasonable efforts not to disrupt the Tenant's day to day business activities.

ARTICLE 8. SPACE PLANNING AND SUBSTITUTION

Landlord shall have the right, upon providing not less than 60 days written notice, to move Tenant to other space of comparable size and corner location higher than the third floor in the Building. The new space shall be provided with new improvements of comparable quality to those within the Premises. Landlord shall pay the reasonable out-of-pocket costs to relocate and reconnect Tenant's personal property and equipment within the new space. Landlord shall also reimburse Tenant for such other reasonable out-of-pocket costs that Tenant may incur in connection with the relocation, including, but not limited to, Tenant's notice of address change and new stationary. Within 10 days following request by Landlord, Tenant shall execute an amendment to this Lease prepared by Landlord to memorialize the relocation.

ARTICLE 9. ASSIGNMENT AND SUBLETTING

9.1. RIGHTS OF PARTIES. Tenant shall not, directly or indirectly, assign, sublease, transfer or encumber any interest in this Lease or allow any third party to use any portion of the Premises (collectively or individually, a "**Transfer**") without the prior written consent of Landlord, which consent shall not be unreasonably withheld if Landlord does not exercise its recapture rights. Tenant agrees that it is not unreasonable for Landlord to withhold consent to a Transfer to a proposed assignee or subtenant who is an existing tenant or occupant of the Building or Project or to a prospective tenant with whom Landlord or Landlord's affiliate has been actively negotiating. Within 30 days after receipt of executed copies of the transfer documentation and such other information as Landlord may request, Landlord shall either: (a) consent to the Transfer by execution of a consent agreement in a form reasonably designated by Landlord; (b) refuse to consent to the Transfer; or (c) recapture the portion of the Premises that Tenant is proposing to Transfer. Tenant hereby waives the provisions of Section 1995.310 of the California Civil Code, or any similar or successor Laws, now or hereinafter in effect, and all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed transferee. In no event shall any Transfer release or relieve Tenant from any obligation under this Lease, as same may be amended. Tenant shall pay Landlord a review fee of \$750.00 for Landlord's review of any requested Transfer. Tenant shall pay Landlord, as additional Rent, 50% of all rent and other consideration which Tenant receives as a result of a Transfer that is in excess of the Rent payable to Landlord for the portion of the Premises and Term covered by the Transfer. If Tenant is in Default, Landlord may require that all sublease payments be made directly to Landlord, in which case Tenant shall receive a credit against Rent in the amount of Tenant's share of payments received by Landlord.

9.2. PERMITTED TRANSFER. Notwithstanding the foregoing, Tenant may assign this Lease to a successor to Tenant by merger, consolidation or the purchase of substantially all of Tenant's assets, or assign this Lease or sublet all or a portion of the Premises to an Affiliate (defined below), without the consent of Landlord, provided that all of the following conditions are satisfied (a "**Permitted Transfer**"): (i) Tenant is not then in Default hereunder; (ii) Tenant gives Landlord written notice prior to such Permitted Transfer; and (iii) the successor entity resulting from any merger or consolidation of Tenant or the sale of all or substantially all of the assets of Tenant in one or more related transactions, has a net worth at the time of the Permitted Transfer that is at least equal to the net worth of Tenant immediately before the Permitted Transfer. "**Affiliate**" shall mean an entity controlled by, controlling or under common control with Tenant.

ARTICLE 10. INSURANCE AND INDEMNITY

10.1. TENANT'S INSURANCE. Tenant, at its sole cost and expense, shall provide and maintain in effect the insurance described in **Exhibit D**. Evidence of that insurance must be delivered to Landlord prior to the Commencement Date.

10.2. TENANT'S INDEMNITY. To the fullest extent permitted by law, but subject to Section 10.4 below, Tenant shall defend, indemnify and hold harmless Landlord and Landlord's agents, employees, lenders, and affiliates, from and against any and all negligence, claims, liabilities, damages, costs or expenses arising either before or after the Commencement Date which arise from or are caused by Tenant's use or occupancy of the Premises, the Building or the Common Areas of the Project, or from the conduct of Tenant's business, or from any activity, work, or thing done, permitted or suffered by Tenant or Tenant's agents, employees, subtenants, vendors, contractors, invitees or licensees in or about the Premises, the Building or the Common Areas of the Project, or from any Default in the performance of any obligation on Tenant's part to be performed under this Lease, or from any act, omission or negligence on the part of Tenant or Tenant's agents, employees, subtenants, vendors, contractors, invitees or licensees. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section 10.2 through counsel reasonably satisfactory to Landlord. Notwithstanding the foregoing, Tenant shall not be obligated to indemnify Landlord against any liability or expense to the extent that the same was caused by the negligence or willful misconduct of Landlord, its agents, contractors or employees.

10.3. LANDLORD'S NONLIABILITY. Landlord shall not be liable to Tenant, its employees, agents and invitees, and Tenant hereby waives all claims against Landlord, its employees and agents for loss of or damage to any property, or any injury to any person, resulting from any condition including, but not limited to, acts or omissions (criminal or otherwise) of third parties and/or other tenants of the Project, or their agents, employees or invitees, fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak or flow from or into any part of the Premises or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, electrical works or other fixtures in the Building, whether the damage or injury results from conditions arising in the Premises or in other portions of the Building, regardless of the negligence of Landlord, its agents or any and all affiliates of Landlord in connection with the foregoing. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be liable for Tenant's loss or interruption of business or income (including without limitation, Tenant's consequential damages, lost profits or opportunity costs), or for interference with light or other similar intangible interests.

10.4. WAIVER OF SUBROGATION. Landlord and Tenant each hereby waives all rights of recovery against the other on account of loss and damage occasioned to the property of such waiving party to the extent that the waiving party is entitled to proceeds for such loss and damage under any property insurance policies carried or otherwise required to be carried by this Lease; provided however, that the foregoing waiver shall not apply to the extent of Tenant's obligation to pay deductibles under any such policies and this Lease.

ARTICLE 11. DAMAGE OR DESTRUCTION

11.1. RESTORATION.

(a) If the Building of which the Premises are a part is damaged as the result of an event of casualty, then subject to the provisions below, Landlord shall repair that damage as soon as reasonably possible unless Landlord reasonably determines that: (i) the Premises have been materially damaged and there is less than 1 year of the Term remaining on the date of the casualty; (ii) any Mortgagee (defined in Section 13.1) requires that the insurance proceeds be applied to the payment of the mortgage debt; or (iii) proceeds necessary to pay the full cost of the repair are not available from Landlord's insurance, including without limitation earthquake insurance. Should Landlord elect not to repair the damage for one of the preceding reasons, Landlord shall so notify Tenant in the "Casualty Notice" (as defined below), and this Lease shall terminate as of the date of delivery of that notice, and Tenant shall have no further obligations to Landlord, financial or otherwise. In such circumstance, Landlord shall promptly return the remaining balance of the Security Deposit and any prepayment of rent to the Tenant.

(b) As soon as reasonably practicable following the casualty event but not later than 60 days thereafter, Landlord shall notify Tenant in writing ("Casualty Notice") of Landlord's election, if applicable, to terminate this Lease. If this Lease is not so terminated, the Casualty Notice shall set forth the anticipated period for repairing the casualty damage. If the anticipated repair period exceeds 270 days and if the damage is so extensive as to reasonably prevent Tenant's substantial use and enjoyment of the Premises, then either party may elect to terminate this Lease by written notice to the other within 10 days following delivery of the Casualty Notice, and Tenant shall have no further obligations to Landlord, financial or otherwise. In such circumstance, Landlord shall promptly return the remaining balance of the Security Deposit and any prepayment of rent to the Tenant.

(c) In the event that neither Landlord nor Tenant terminates this Lease pursuant to Section 11.1(b), Landlord shall repair all material damage to the Premises or the Building as soon as reasonably possible and this Lease shall continue in effect for the remainder of the Term. Upon notice from Landlord, Tenant shall assign or endorse over to Landlord (or to any party designated by Landlord) all property insurance proceeds payable to Tenant under Tenant's insurance with respect to any Alterations. Within 15 days of demand, Tenant shall also pay Landlord for any additional excess costs that are reasonably determined during the performance of the repairs to such Alterations.

(d) From and after the casualty event, the rental to be paid under this Lease shall be abated in the same proportion that the Floor Area of the Premises that is rendered unusable by the damage from time to time bears to the total Floor Area of the Premises.

(e) Notwithstanding the provisions of subsections (a), (b) and (c) of this Section 11.1, but subject to Section 10.4, the cost of any repairs shall be borne by Tenant, and Tenant shall not be entitled to rental abatement or termination rights, if the damage is due to the fault or neglect of Tenant or its employees, subtenants, contractors, invitees or representatives.

11.2. LEASE GOVERNS. Tenant agrees that the provisions of this Lease, including without limitation Section 11.1, shall govern any damage or destruction and shall accordingly supersede any contrary statute or rule of law.

ARTICLE 12. EMINENT DOMAIN

Either party may terminate this Lease if any material part of the Premises is taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase in lieu thereof (a "**Taking**"). Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Building or Project which would have a material adverse effect on Landlord's ability to profitably operate the remainder of the Building. The termination shall be effective as of the effective date of any order granting possession to, or vesting legal title in, the condemning authority, and Tenant shall have no further obligations to Landlord, financial or otherwise. In such circumstance, Landlord shall promptly return the remaining balance of the Security Deposit and any prepayment of rent to the Tenant. All compensation awarded for a Taking shall be the property of Landlord. Tenant agrees that the provisions of this Lease shall govern any Taking and shall accordingly supersede any contrary statute or rule of law.

ARTICLE 13. SUBORDINATION; ESTOPPEL CERTIFICATE

13.1. SUBORDINATION. Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises, the Building or the Project, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "**Mortgage**"). The party having the benefit of a Mortgage shall be referred to as a "**Mortgagee**." This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination and attornment agreement in favor of the Mortgagee, provided such agreement provides a non-disturbance covenant benefitting Tenant. Alternatively, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. Upon request, Tenant, without charge, shall attorn to any successor to Landlord's interest in this Lease in the event of a foreclosure of any mortgage. Tenant agrees that any purchaser at a foreclosure sale or lender taking title under a deed in lieu of foreclosure shall not be responsible for any act or omission of a prior landlord, shall not be subject to any offsets or defenses Tenant may have against a prior landlord, and shall not be liable for the return of the Security Deposit not actually recovered by such purchaser nor bound by any rent paid in advance of the calendar month in which the transfer of title occurred; provided that the foregoing shall not release the applicable prior landlord from any liability for those obligations. Tenant acknowledges that Landlord's Mortgagees and their successors-in-interest are intended third party beneficiaries of this Section 13.1.

13.2. ESTOPPEL CERTIFICATE. Tenant shall, within 10 days after receipt of a written request from Landlord, execute and deliver a commercially reasonable estoppel certificate in favor of those parties as are reasonably requested by Landlord (including a Mortgagee or a prospective purchaser of the Building or the Project).

ARTICLE 14. DEFAULTS AND REMEDIES

14.1. TENANT'S DEFAULTS. In addition to any other event of default set forth in this Lease, the occurrence of any one or more of the following events shall constitute a "**Default**" by Tenant:

(a) The failure by Tenant to make any payment of Rent required to be made by Tenant, as and when due, where the failure continues for a period of 5 business days after written notice from Landlord to Tenant. The term "**Rent**" as used in this Lease shall be deemed to mean the Basic Rent and all other sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease.

(b) Except where a specific time period is otherwise set forth for Tenant's performance in this Lease (in which event the failure to perform by Tenant within such time period shall be a Default), the failure or inability by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in any other subsection of this Section 14.1, where the failure continues for a period of 30 days after written notice from Landlord to Tenant.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law, and Landlord shall not be required to give any additional notice under California Code of Civil Procedure Section 1161, or any successor statute, in order to be entitled to commence an unlawful detainer proceeding.

14.2. LANDLORD'S REMEDIES.

(a) Upon the occurrence of any Default by Tenant, then in addition to any other remedies available to Landlord, Landlord may exercise the following remedies:

(i) Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. Such termination shall not affect any accrued obligations of Tenant under this Lease. Upon termination, Landlord shall have the right to reenter the Premises and remove all persons and property. Landlord shall also be entitled to recover from Tenant:

(1) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided;

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result from Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, commissions and other expenses of reletting, including necessary repair, renovation, improvement and alteration of the Premises for a new tenant, reasonable attorneys' fees, and any other reasonable costs; and

(5) At Landlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law. Any sum, other than Basic Rent, shall be computed on the basis of the average monthly amount accruing during the 24 month period immediately prior to Default, except that if it becomes necessary to compute such rental before the 24 month period has occurred, then the computation shall be on the basis of the average monthly amount during the shorter period. As used in subparagraphs (1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at the rate of 10% per annum. As used in subparagraph (3) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(ii) Employ the remedy described in California Civil Code § 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

(b) The various rights and remedies reserved to Landlord in this Lease or otherwise shall be cumulative and, except as otherwise provided by California law, Landlord may pursue any or all of its rights and remedies at the same time. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of the right or remedy or of any breach or Default by Tenant. The acceptance by Landlord of rent shall not be a (i) waiver of any preceding breach or Default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rent accepted, regardless of Landlord's knowledge of the preceding breach or Default at the time of acceptance of rent, or (ii) a waiver of Landlord's right to exercise any remedy available to Landlord by virtue of the breach or Default. No payment by Tenant or receipt by Landlord of a lesser amount than the rent required by this Lease shall be deemed to be other than a partial payment on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction and Landlord shall accept the check or payment without prejudice to Landlord's right to recover the balance of the rent or pursue any other remedy available to it. Tenant hereby waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Section 1174 or 1179, or under any successor statute, in the event this Lease is terminated by reason of any Default by Tenant. No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Landlord.

14.3. LATE PAYMENTS. Any Rent due under this Lease that is not paid to Landlord within 5 days of the date when due shall bear interest at the maximum rate permitted by law from the date due until fully paid and if any Rent due from Tenant shall not be received by Landlord or Landlord's designee within 5 days after the date due, then Tenant shall pay to Landlord, in addition to the interest, a late charge for each delinquent payment equal to the greater of (i) 5% of that delinquent payment or (ii) \$100.00.

14.4. DEFAULT BY LANDLORD. Landlord shall not be deemed to be in default in the performance of any obligation under this Lease unless and until it has failed to perform the obligation within 30 days after written notice by Tenant to Landlord specifying in reasonable detail the nature and extent of the failure; provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for its performance, then Landlord shall not be deemed to be in default if it commences performance within the 30 day period and thereafter diligently pursues the cure to completion.

14.5. EXPENSES AND LEGAL FEES. Should either Landlord or Tenant bring any action in connection with this Lease, the prevailing party shall be entitled to recover as a part of the action its reasonable attorneys' fees, and all other reasonable costs. The prevailing party for the purpose of this paragraph shall be determined by the trier of the facts.

14.6. WAIVER OF JURY TRIAL/JUDICIAL REFERENCE.

(a) **LANDLORD AND TENANT EACH ACKNOWLEDGES THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHT TO TRIAL BY JURY, AND EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE.**

(b) In the event that the jury waiver provisions of Section 14.6 (a) are not enforceable under California law, then, unless otherwise agreed to by the parties, the provisions of this Section 14.6 (b) shall apply. Landlord and Tenant agree that any disputes arising in connection with this Lease (including but not limited to a determination of any and all of the issues in such dispute, whether of fact or of law) shall be resolved (and a decision shall be rendered) by way of a general reference as provided for in Part 2, Title 8, Chapter 6 (§§ 638 et. seq.) of the California Code of Civil Procedure, or any successor California statute governing resolution of disputes by a court appointed referee. Nothing within this Section 14.6 shall apply to an unlawful detainer action.

14.7. SATISFACTION OF JUDGMENT. The obligations of Landlord do not constitute the personal obligations of the individual partners, trustees, directors, officers, members or shareholders of Landlord or its constituent partners or members. Should Tenant recover a money judgment against Landlord, such judgment shall be satisfied only from the interest of Landlord in the Project and out of the rent or other income from such property receivable by Landlord, and no action for any deficiency may be sought or obtained by Tenant.

ARTICLE 15. END OF TERM

15.1. HOLDING OVER. If Tenant holds over for any period after the Expiration Date (or earlier termination of the Term), such tenancy shall constitute a tenancy at sufferance only and possession shall be subject to all of the terms of this Lease, except that the monthly rental shall be 150% of the total monthly rental for the month immediately preceding the date of termination. The acceptance by Landlord of monthly hold-over rental in a lesser amount shall not constitute a waiver of Landlord's right to recover the full amount due unless otherwise agreed in writing by Landlord. If Tenant fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. The foregoing provisions of this Section 15.1 are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord under this Lease or at law.

15.2. SURRENDER OF PREMISES; REMOVAL OF PROPERTY. Upon the Expiration Date or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in as good order, condition and repair as when received or as hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and shall remove or fund to Landlord the cost of removing all wallpapering, voice and/or data transmission cabling installed by or for Tenant and Required Removables, together with all personal property and debris, and shall perform all work required under Section 7.3 of this Lease. If Tenant shall fail to comply with the provisions of this Section 15.2, Landlord may effect the removal and/or make any repairs, and the cost to Landlord shall be additional rent payable by Tenant upon demand.

ARTICLE 16. PAYMENTS AND NOTICES

All sums payable by Tenant to Landlord shall be paid, without deduction or offset, in lawful money of the United States to Landlord at its address set forth in Item 12 of the Basic Lease Provisions, or at any other place as Landlord may designate in writing. Unless this Lease expressly provides otherwise, all payments shall be due and payable within 5 days after demand. All payments requiring proration shall be prorated on the basis of the number of days in the pertinent calendar month or year, as applicable. Any notice, election, demand, consent or approval to be given or other document to be delivered by either party to the other may be delivered to the other party, at the address set forth in Item 12 of the Basic Lease Provisions, by personal service or by any courier or "overnight" express mailing service. Either party may, by written notice to the other, served in the manner provided in this Article, designate a different address. The refusal to accept delivery of a notice, or the inability to deliver the notice (whether due to a change of address for which notice was not duly given or other good reason), shall be deemed delivery and receipt of the notice as of the date of attempted delivery.

ARTICLE 17. RULES AND REGULATIONS

Tenant agrees to comply with the Rules and Regulations attached as **Exhibit E**, and any reasonable and nondiscriminatory amendments, modifications and/or additions as may be adopted by Landlord from time to time.

ARTICLE 18. BROKER'S COMMISSION

The parties recognize as the broker(s) who negotiated this Lease the firm(s) whose name(s) is (are) stated in Item 10 of the Basic Lease Provisions, and agree that Landlord shall be responsible for the payment of brokerage commissions to those broker(s) unless otherwise provided in this Lease. Tenant agrees to indemnify and hold Landlord harmless from any cost, expense or liability (including reasonable attorneys' fees) for any compensation, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by Tenant in connection with the negotiation of this Lease.

ARTICLE 19. TRANSFER OF LANDLORD'S INTEREST

Landlord shall have the right to transfer and assign, in whole or in part, all of its ownership interest, rights and obligations in the Building, Project or Lease, including the Security Deposit, and upon transfer Landlord shall be released from any further obligations hereunder, and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations and the return of any Security Deposit.

ARTICLE 20. INTERPRETATION

20.1. NUMBER. Whenever the context of this Lease requires, the words "Landlord" and "Tenant" shall include the plural as well as the singular.

20.2. JOINT AND SEVERAL LIABILITY. If more than one person or entity is named as Tenant, the obligations imposed upon each shall be joint and several and the act of or notice from, or notice or refund to, or the signature of, any one or more of them shall be binding on all of them with respect to the tenancy of this Lease, including, but not limited to, any renewal, extension, termination or modification of this Lease.

20.3. SUCCESSORS. The expiration of the Term, whether by lapse of time, termination or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or termination of this Lease.

20.4. TIME OF ESSENCE. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

20.5. CONTROLLING LAW/VENUE. This Lease shall be governed by and interpreted in accordance with the laws of the State of California.

20.6. SEVERABILITY. If any term or provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by either party or the deletion of which is consented to by the party adversely affected, shall be held invalid or unenforceable to any extent, the remainder of this Lease shall not be affected and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

20.7. WAIVER. One or more waivers by Landlord or Tenant of any breach of any term, covenant or condition contained in this Lease shall not be a waiver of any subsequent breach of the same or any other term, covenant or condition. Consent to any act by one of the parties shall not be deemed to render unnecessary the obtaining of that party's consent to any subsequent act. No breach of this Lease shall be deemed to have been waived unless the waiver is in a writing signed by the waiving party.

20.8. INABILITY TO PERFORM. In the event that either party shall be delayed or hindered in or prevented from the performance of any work or in performing any act required under this Lease by reason of any cause beyond the reasonable control of that party, then the performance of the work or the doing of the act shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. The provisions of this Section 20.8 shall not operate to excuse Tenant from the prompt payment of Rent.

20.9. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties and supersedes all prior agreements and understandings related to the Premises. This Lease may be modified only by a written agreement signed by Landlord and Tenant.

20.10. QUIET ENJOYMENT. Upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, and subject to the other provisions of this Lease, Tenant shall have the right of quiet enjoyment and use of the Premises for the Term without hindrance or interruption by Landlord or any other person claiming by or through Landlord.

20.11. SURVIVAL. All covenants of Landlord or Tenant which reasonably would be intended to survive the expiration or sooner termination of this Lease, including without limitation any warranty or indemnity hereunder, shall so survive and continue to be binding upon and inure to the benefit of the respective parties and their successors and assigns.

ARTICLE 21. EXECUTION

21.1. COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement.

21.2. CORPORATE AND PARTNERSHIP AUTHORITY. Tenant represents and warrants to Landlord, and agrees, that each individual executing this Lease on behalf of Tenant is authorized to do so on behalf of Tenant.

21.3. EXECUTION OF LEASE; NO OPTION OR OFFER. The submission of this Lease to Tenant shall be for examination purposes only, and shall not constitute an offer to or option for Tenant to lease the Premises unless and until Landlord has executed and delivered this Lease to Tenant.

ARTICLE 22. MISCELLANEOUS

22.1. MORTGAGEE PROTECTION. No act or failure to act on the part of Landlord which would otherwise entitle Tenant to be relieved of its obligations hereunder or to terminate this Lease shall result in such a release or termination unless (a) Tenant has given notice by registered or certified mail to any Mortgagee of a Mortgage covering the Building whose address has been furnished to Tenant and (b) such Mortgagee is afforded a reasonable opportunity to cure the default by Landlord. Tenant shall comply with any written directions by any Mortgagee to pay Rent due hereunder directly to such Mortgagee without determining whether a default exists under such Mortgagee's Mortgage.

22.2. SDN LIST. Tenant hereby represents and warrants that neither Tenant nor any officer, director, employee, partner, member or other principal of Tenant (collectively, "**Tenant Parties**") is listed as a Specially Designated National and Blocked Person ("**SDN**") on the list of such persons and entities issued by the U.S. Treasury Office of Foreign Assets Control (OFAC). In the event Tenant or any Tenant Party is or becomes listed as an SDN, Tenant shall be deemed in breach of this Lease and Landlord shall have the right to terminate this Lease immediately upon written notice to Tenant.

LANDLORD:

WESTWOOD GATEWAY II LLC,
a Delaware limited liability company

By/s/ Steven M. Case
Steven M. Case
Executive Vice President
Office Properties

By/s/ Betty R. Casties
Betty R. Casties
Vice President, Operations
Office Properties

TENANT:

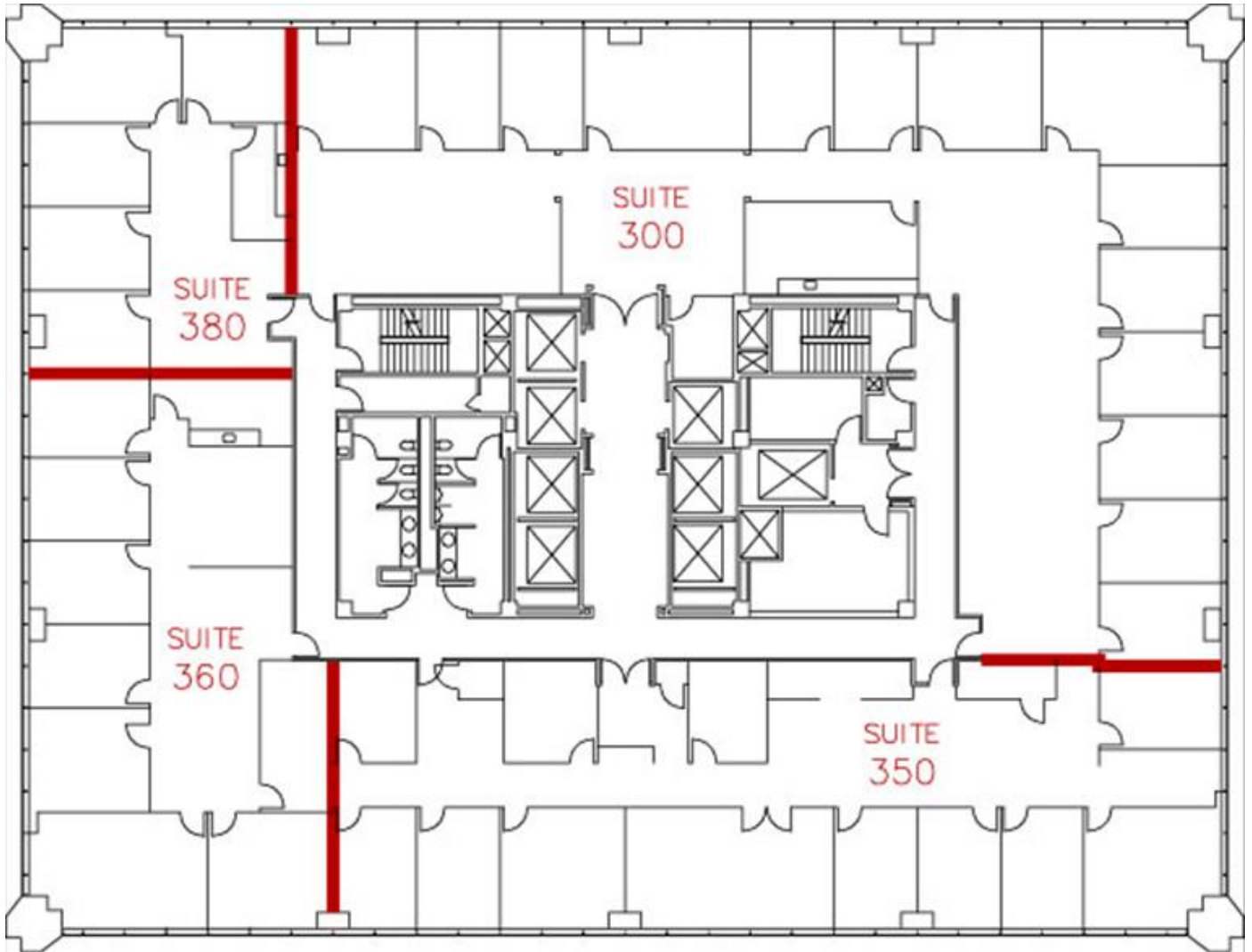
MARATHON PATENT GROUP, INC.,
a Nevada corporation

By /s/ Douglas B. Croxall
Printed Name Douglas B.
Crohall
Title CEO

By
Printed Name
Title

DESCRIPTION OF PREMISES

11100 Santa Monica Boulevard
Suite 380



 Stevenson Systems, Inc.
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EXHIBIT A

EXHIBIT B

Operating Expenses and Taxes (Base Year)

(a) Commencing 12 months following the Commencement Date, Tenant shall pay Landlord, as additional rent, for Tenant's Share of the amount, if any, by which "**Project Costs**" (defined below) for each Expense Recovery Period during the Term exceed Project Costs for the Project Cost Base and the amount, if any, by which "**Property Taxes**" (defined below) for each Expense Recovery Period during the Term exceed Property Taxes for the Property Tax Base. Property Taxes and Project Costs are mutually exclusive and may be billed separately or in combination as determined by Landlord. "**Tenant's Share**" shall mean that portion of any Operating Expenses determined by multiplying the cost of such item by a fraction, the numerator of which is the Floor Area and the denominator of which is the total rentable square footage, as determined from time to time by Landlord, of (i) the Floor Area of the Building as defined in Item 8 of the Basic Lease Provisions, for expenses determined by Landlord to benefit or relate substantially to the Building rather than the entire Project, or (ii) all or some of the buildings in the Project, for expenses determined by Landlord to benefit or relate substantially to all or some of the buildings in the Project rather than any specific building. Tenant acknowledges Landlord's rights to make changes or additions to the Building and/or Project from time to time pursuant to Section 6.4 of the Lease, in which event the total rentable square footage within the Building and/or Project may be adjusted. For convenience of reference, Property Taxes and Project Costs may sometimes be collectively referred to as "**Operating Expenses**."

(b) Commencing prior to the start of the first full "**Expense Recovery Period**" of the Lease (as defined in Item 7 of the Basic Lease Provisions) following the Base Year, and prior to the start of each full or partial Expense Recovery Period thereafter, Landlord shall give Tenant a written estimate of the amount of Tenant's Share of Project Costs and Property Taxes for the Expense Recovery Period or portion thereof. Commencing 12 months following the Commencement Date, Tenant shall pay the estimated amounts to Landlord in equal monthly installments, in advance, with Basic Rent. Landlord may from time to time change the Expense Recovery Period to reflect a calendar year or a new fiscal year of Landlord, as applicable, in which event Tenant's share of Operating Expenses shall be equitably prorated for any partial year. From time to time during an Expense Recovery Period, Landlord may revise the estimate based on increases in any of the Operating Expenses.

(c) Within 180 days after the end of each Expense Recovery Period, Landlord shall furnish to Tenant a statement setting forth the actual or prorated Property Taxes and Project Costs attributable to that period, and the parties shall within 30 days thereafter make any payment or allowance necessary to adjust Tenant's estimated payments, if any, to Tenant's actual Tenant's Share as shown by the annual statement. If actual Property Taxes or Project Costs allocable to Tenant during any Expense Recovery Period are less than the Property Tax Base or the Project Cost Base, respectively, Landlord shall not be required to pay that differential to Tenant, although Landlord shall refund any applicable estimated payments collected from Tenant. Should Tenant fail to object in writing to Landlord's determination of actual Operating Expenses within 60 days following delivery of Landlord's expense statement, Landlord's determination of actual Operating Expenses for the applicable Expense Recovery Period shall be conclusive and binding on Tenant.

(d) Even though the Lease has terminated and the Tenant has vacated the Premises, when the final determination is made of Tenant's share of Property Taxes and Project Costs for the Expense Recovery Period in which the Lease terminates, Tenant shall upon notice pay the entire increase due over the estimated expenses paid; conversely, any overpayment made in the event expenses decrease shall be promptly (and in any event within 30 days) rebated by Landlord to Tenant.

(e) The term “**Project Costs**” shall include all charges and expenses pertaining to the operation, management, maintenance and repair of the Building and the Project, together with all appurtenant Common Areas (as defined in Section 6.2), and shall include the following charges by way of illustration but not limitation: water and sewer charges; insurance premiums and deductibles and/or reasonable premium equivalents and deductible equivalents should Landlord elect to self-insure any risk that Landlord is authorized to insure hereunder; license, permit, and inspection fees; heat; light; power; janitorial services; the cost of equipping, staffing and operating an on-site and/or off-site management office for the Building and Project; all labor and labor-related costs for personnel applicable to the Building and Project, including both Landlord's personnel and outside personnel; a commercially reasonable Landlord overhead/management fee; reasonable fees for consulting services; access control/security costs, inclusive of the reasonable cost of improvements made to enhance access control systems and procedures; repairs; air conditioning; supplies; materials; equipment; tools; tenant services; programs instituted to comply with transportation management requirements; any expense incurred pursuant to Sections 6.1, 6.2, 7.2, and 10.2 and **Exhibits C and F** below; costs incurred (capital or otherwise) on a regular recurring basis every 3 or more years for normal maintenance projects (e.g., parking lot slurry coat or replacement of lobby, corridor and elevator cab carpets and coverings); and the amortized cost of capital improvements (as distinguished from replacement parts or components installed in the ordinary course of business) which are intended to reduce other operating costs or increases thereof, or upgrade Building and/or Project security, or which are required to bring the Building and/or Project into compliance with applicable laws and building codes. Landlord shall amortize the cost of capital improvements on a straight-line basis over the lesser of the Payback Period (as defined below) or the useful life of the capital improvement as reasonably determined by Landlord. Any amortized Project Costs item may include, at Landlord's option, an actual or imputed interest rate that Landlord would reasonably be required to pay to finance the cost of the item, applied on the unamortized balance. “**Payback Period**” shall mean the reasonably estimated period of time that it takes for the cost savings, if any, resulting from a capital improvement item to equal the total cost of the capital improvement. It is understood that Project Costs shall include competitive charges for direct services provided by any subsidiary or division of Landlord. If any Project Costs are applicable to one or more buildings or properties in addition to the Building, then that cost shall be equitably prorated and apportioned among the Building and such other buildings or properties. The term “**Property Taxes**” as used herein shall include the following: (i) all real estate taxes or personal property taxes, as such property taxes may be increased from time to time due to a reassessment or otherwise; and (ii) other taxes, charges and assessments which are levied with respect to this Lease or to the Building and/or the Project, and any improvements, fixtures and equipment and other property of Landlord located in the Building and/or the Project, except that general net income and franchise taxes imposed against Landlord shall be excluded; and (iii) any tax, surcharge or assessment which shall be levied in addition to or in lieu of real estate or personal property taxes; and (iv) costs and expenses incurred in contesting the amount or validity of any Property Tax by appropriate proceedings. A copy of Landlord's unaudited statement of expenses shall be made available to Tenant upon request. The Project Costs, inclusive of those for the Base Year, shall be extrapolated by Landlord to reflect at least 95% occupancy of the rentable area of the Building.

EXHIBIT C

UTILITIES AND SERVICES

The following standards for utilities and services shall be in effect at the Building. Landlord reserves the right to adopt nondiscriminatory modifications and additions to these standards. In the case of any conflict between these standards and the Lease, the Lease shall be controlling. Subject to all of the provisions of the Lease, the following shall apply:

1. Landlord shall make available to the Premises during the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday, and if requested by Tenant on a week-by-week basis, from 8:00 a.m. to 1:00 p.m. on Saturday ("**Building Hours**"), generally recognized national holidays excepted, reasonable HVAC services. Subject to the provisions set forth below, Landlord shall also furnish the Building with elevator service (if applicable), reasonable amounts of electric current for normal lighting by Landlord's standard overhead fluorescent and incandescent fixtures and for the operation of office equipment consistent in type and quantity with that utilized by typical office tenants of the Building and Project, and water for lavatory purposes. Tenant will not, without the prior written consent of Landlord, not to be unreasonably withheld or delayed, connect any apparatus, machine or device with water pipes or electric current (except through existing electrical outlets in the Premises) for the purpose of using electric current or water.

2. Upon written request from Tenant delivered to Landlord at least 24 hours prior to the period for which service is requested, but during normal business hours, Landlord will provide any of the foregoing building services to Tenant at such times when such services are not otherwise available. Tenant agrees to pay Landlord for those after-hour services at rates that Landlord may establish from time to time. If Tenant requires electric current in excess of that which Landlord is obligated to furnish under this **Exhibit C**, Tenant shall first obtain the consent of Landlord, and Landlord may cause an electric current meter to be installed in the Premises to measure the amount of electric current consumed. The cost of installation, maintenance and repair of the meter shall be paid for by Tenant, and Tenant shall reimburse Landlord promptly upon demand for all electric current consumed for any special power use as shown by the meter.

3. Landlord shall furnish water for drinking, personal hygiene and lavatory purposes only.

4. In the event that any utility service to the Premises is separately metered or billed to Tenant, Tenant shall pay all charges for that utility service to the Premises and the cost of furnishing the utility to tenant suites shall be excluded from the Operating Expenses as to which reimbursement from Tenant is required in the Lease.

5. Landlord shall provide janitorial services 5 days per week, equivalent to that furnished in comparable buildings, and window washing as reasonably required; provided, however, that Tenant shall pay for any additional or unusual janitorial services requested by Tenant in writing to the Landlord.

6. Tenant shall have access to the Building 24 hours per day, 7 days per week, 52 weeks per year; provided that Landlord may install access control systems as it deems advisable for the Building. Landlord may impose a reasonable charge for access control cards and/or keys issued to Tenant.

7. The costs of operating, maintaining and repairing any supplemental air conditioning unit serving only the Premises shall be borne solely by Tenant. Such installation shall be subject to Landlord's prior written approval, such approval not to be unreasonably withheld or delayed, at Tenant's sole expense and shall include installation of a separate meter for the operation of the unit. Landlord may require Tenant to remove at Lease expiration any such unit installed by or for Tenant and to repair any resulting damage to the Premises or Building.

EXHIBIT D

TENANT'S INSURANCE

The following requirements for Tenant's insurance shall be in effect during the Term, and Tenant shall also cause any subtenant to comply with the requirements. Landlord reserves the right to adopt reasonable nondiscriminatory modifications and additions to these requirements.

1. Tenant shall maintain, at its sole cost and expense, during the entire Term: (i) commercial general liability insurance with respect to the Premises and the operations of Tenant in, on or about the Premises, on a policy form that is at least as broad as Insurance Service Office (ISO) CGL 00 01 (if alcoholic beverages are sold on the Premises, liquor liability shall be explicitly covered), which policy(ies) shall be written on an "occurrence" basis and for not less than \$2,000,000 combined single limit per occurrence for bodily injury, death, and property damage liability; (ii) workers' compensation insurance coverage as required by law, together with employers' liability insurance coverage of at least \$1,000,000 each accident and each disease; (iii) with respect to Alterations constructed by Tenant under this Lease, builder's risk insurance, in an amount equal to the replacement cost of the work; and (iv) insurance against fire, vandalism, malicious mischief and such other additional perils as may be included in a standard "special form" policy, insuring all Alterations, trade fixtures, furnishings, equipment and items of personal property in the Premises, in an amount equal to not less than 90% of their replacement cost (with replacement cost endorsement), which policy shall also include business interruption coverage in an amount sufficient to cover 1 year of loss. In no event shall the limits of any policy be considered as limiting the liability of Tenant under this Lease.

2. All policies of insurance required to be carried by Tenant pursuant to this **Exhibit D** shall be written by insurance companies authorized to do business in the State of California and with a general policyholder rating of not less than "A-" and financial rating of not less than "VIII" in the most current Best's Insurance Report. The deductible or other retained limit under any policy carried by Tenant shall be commercially reasonable, and Tenant shall be responsible for payment of such deductible or retained limit with waiver of subrogation in favor of Landlord. Any insurance required of Tenant may be furnished by Tenant under any blanket policy carried by it or under a separate policy. A certificate of insurance, certifying that the policy has been issued, provides the coverage required by this Exhibit and contains the required provisions, together with endorsements acceptable to Landlord evidencing the waiver of subrogation and additional insured provisions required below, shall be delivered to Landlord prior to the date Tenant is given the right of possession of the Premises. Proper evidence of the renewal of any insurance coverage shall also be delivered to Landlord not less than thirty (30) days prior to the expiration of the coverage. In the event of a loss covered by any policy under which Landlord is an additional insured, Landlord shall be entitled to review a copy of such policy.

3. Tenant's commercial general liability insurance shall contain a provision that the policy shall be primary to and noncontributory with any policies carried by Landlord, together with a provision including Landlord, The Irvine Company LLC, and any other parties in interest designated by Landlord as additional insureds. Tenant's policies described in Subsections 1 (ii), (iii) and (iv) above shall each contain a waiver by the insurer of any right to subrogation against Landlord, its agents, employees, contractors and representatives. Tenant also waives its right of recovery for any deductible or retained limit under same policies enumerated above. All of Tenant's policies shall contain a provision that the insurer will not cancel or change the coverage provided by the policy without first giving Landlord 30 days prior written notice. Tenant shall also name Landlord as an additional insured on any excess or umbrella liability insurance policy carried by Tenant.

NOTICE TO TENANT: IN ACCORDANCE WITH THE TERMS OF THIS LEASE, TENANT MUST PROVIDE EVIDENCE OF THE REQUIRED INSURANCE TO LANDLORD'S MANAGEMENT AGENT PRIOR TO BEING AFFORDED ACCESS TO THE PREMISES.

EXHIBIT E

RULES AND REGULATIONS

The following Rules and Regulations shall be in effect at the Building. Landlord reserves the right to adopt reasonable nondiscriminatory modifications and additions at any time and Landlord shall use reasonable efforts to promptly notify Tenant of such modifications. In the case of any conflict between these regulations and the Lease, the Lease shall be controlling.

1. The sidewalks, halls, passages, elevators, stairways, and other common areas shall not be obstructed by Tenant or used by it for storage, for depositing items, or for any purpose other than for ingress to and egress from the Premises. Should Tenant have access to any balcony or patio area, Tenant shall not place any furniture other personal property in such area without the prior written approval of Landlord, such approval not to be unreasonably delayed or withheld.

2. Neither Tenant nor any employee or contractor of Tenant shall go upon the roof of the Building without the prior written consent of Landlord, other than in case of an emergency.

3. Tenant shall, at its expense, be required to utilize the third party contractor designated by Landlord for the Building to provide any telephone wiring services from the minimum point of entry of the telephone cable in the Building to the Premises.

4. No antenna or satellite dish shall be installed by Tenant without the prior written agreement of Landlord, such consent not to be unreasonably withheld or delayed.

5. The sashes, sash doors, windows, glass lights, solar film and/or screen, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, tinting, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, the use of that curtain, blind, tinting, shade or screen shall be immediately discontinued and removed by Tenant. No awnings shall be permitted on any part of the Premises.

6. The installation and location of any unusually heavy equipment in the Premises, including without limitation file storage units, safes and electronic data processing equipment, shall require the prior written approval of Landlord. The moving of large or heavy objects shall occur only between those hours as may be designated by, and only upon previous notice to, Landlord. No freight, furniture or bulky matter of any description shall be received into or moved out of the lobby of the Building or carried in any elevator other than the freight elevator (if available) designated by Landlord unless approved in writing by Landlord.

7. Any pipes or tubing used by Tenant to transmit water to an appliance or device in the Premises must be made of copper or stainless steel, and in no event shall plastic tubing be used for that purpose.

8. Tenant shall not place any lock(s) on any door in the Premises or Building without Landlord's prior written consent, which consent shall not be unreasonably withheld. Upon the termination of its tenancy, Tenant shall deliver to Landlord all the keys to offices, rooms and toilet rooms and all access cards which shall have been furnished to Tenant or which Tenant shall have had made.

9. Tenant shall not install equipment requiring electrical or air conditioning service in excess of that to be provided by Landlord under the Lease without prior written approval from Landlord, such approval not to be unreasonably withheld or delayed.

10. Tenant shall not use space heaters within the Premises.

11. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything in the Premises, which shall in any way increase the insurance on the Building, or on the property kept in the Building, or interfere with the rights of other tenants, or conflict with any government rule or regulation.

12. Tenant shall not use or keep any foul or noxious gas or substance in the Premises.

13. Tenant shall not permit the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business with other tenants.

14. Tenant shall not permit any animals or birds be kept by Tenant in or about the Building.

15. Neither Tenant nor its employees, agents, contractors, invitees or licensees shall bring any firearm, whether loaded or unloaded, into the Project at any time.

16. Smoking anywhere within the Premises or Building is strictly prohibited, and Landlord may enforce such prohibition pursuant to Landlord's leasehold remedies. Smoking is permitted outside the Building and within the project only in areas designated by Landlord.

17. Tenant shall not install an aquarium of any size in the Premises unless otherwise approved by Landlord.

18. Unless as required by law, judicial process or governmental or regulatory body, Tenant shall not utilize any name selected by Landlord from time to time for the Building and/or the Project as any part of Tenant's corporate or trade name. Landlord shall have the right to change the name, number or designation of the Building or Project without liability to Tenant. Tenant shall not use any picture of the Building in its advertising, stationery or in any other manner.

19. Tenant shall, upon request by Landlord, supply Landlord with the names and telephone numbers of personnel designated by Tenant to be contacted on an after-hours basis should circumstances warrant.

20. Landlord may from time to time grant tenants individual and temporary variances from these Rules, provided that any variance does not have a material adverse effect on the use and enjoyment of the Premises by Tenant.

EXHIBIT F

PARKING

The following parking regulations shall be in effect at the Building In the case of any conflict between these regulations and the Lease, the Lease shall be controlling.

1. Landlord agrees to maintain, or cause to be maintained, an automobile parking area ("**Parking Area**") in reasonable proximity to the Building for the benefit and use of the visitors and patrons and, except as otherwise provided, employees of Tenant, and other tenants and occupants of the Building. Landlord shall have the right to determine the nature and extent of the automobile Parking Area, and of making such changes to the Parking Area from time to time which in its opinion are desirable. Landlord shall not be liable for any damage to motor vehicles of visitors or employees, for any loss of property from within those motor vehicles, or for any injury to Tenant, its visitors or employees, unless ultimately determined to be caused by the sole active negligence or willful misconduct of Landlord. Landlord shall also have the right to establish, and from time to time amend, and to enforce against all users of the Parking Area all reasonable rules and regulations (including the designation of areas for employee parking) as Landlord may deem necessary and advisable for the proper and efficient operation and maintenance of the Parking Area.

2. Landlord may, if it deems advisable in its sole discretion, charge for parking and may establish for the Parking Area a system or systems of permit parking for Tenant, its employees and its visitors. In no event shall Tenant or its employees park in reserved stalls leased to other tenants or in stalls within designated visitor parking zones, nor shall Tenant or its employees utilize more than the number of Parking Passes (defined below) allotted in this Lease to Tenant. Tenant shall, upon request of Landlord from time to time, furnish Landlord with a list of its employees' names and of Tenant's and its employees' vehicle license numbers. Parking access devices, if applicable, shall not be transferable. Landlord may impose a reasonable fee for access devices and a replacement charge for devices which are lost or stolen. Each access device shall be returned to Landlord promptly following the Expiration Date or sooner termination of this Lease.

3. Washing, waxing, cleaning or servicing of vehicles, or the parking of any vehicle on an overnight basis, in the Parking Area (other than emergency services) by any parker or his or her agents or employees is prohibited unless otherwise authorized by Landlord.

4. It is understood that the employees of Tenant and the other tenants of Landlord within the Building and Project shall not be permitted to park their automobiles in the portions of the Parking Area which may from time to time be designated for patrons of the Building and/or Project. Tenant may purchase all or a portion of the parking passes for unreserved parking set forth in Item 11 of the Basic Lease Provisions (the "**Parking Passes**"), in monthly amounts as Landlord shall from time to time determine. Landlord agrees that Tenant may convert up to 1 of its Parking Passes to a reserved stall by providing written notice of such election to Landlord prior to the Commencement Date (the "**Converted Stall**"), at Landlord's asking rate for reserved parking from time to time. Tenant acknowledges that if such written notice of election is not delivered to Landlord prior to the Commencement Date, then the conversion of the Parking Pass to a reserved stall shall be subject to the month to month availability of such reserved stall as determined by Landlord. Should any monthly parking charge not be paid within 5 days following the date due, then a late charge shall be payable by Tenant equal to the greater of (i) 5% of the delinquent installment or (ii) \$100.00, which late charge shall be separate and in addition to any late charge that may be assessed pursuant to Section 14.3 of the Lease for other than delinquent monthly parking charges.

5. Landlord shall be entitled to pass on to Tenant its proportionate share of any charges or parking surcharge or transportation management costs levied by any governmental agency and Tenant shall cooperate in any voluntary or mandated transportation management programs.

6. Tenant shall not assign or sublet any of the Parking Passes, either voluntarily or by operation of law, without the prior written consent of Landlord, except in connection with an authorized assignment of this Lease or subletting of the Premises.

EXHIBIT G

ADDITIONAL PROVISIONS

1. **RIGHT OF FIRST OFFER.** Provided Tenant is not then in Default hereunder, and provided further that Tenant has not exercised its termination right pursuant to Paragraph 2 of this **Exhibit G** below, Landlord hereby grants Tenant a one-time right ("**First Right**") to lease any office space contiguous to the Premises on the third floor of the Building ("**First Right Space**") in accordance with and subject to the provisions of this Section. Except as otherwise provided below, prior to leasing the First Right Space to any other party during the period that this First Right is in effect, Landlord shall give Tenant written notice of the basic economic terms including but not limited to the Basic Rent, term, operating expense base, security deposit, and tenant improvement allowance (collectively, the "**Economic Terms**"), upon which Landlord is willing to lease such particular First Right Space to Tenant or to a third party; provided that the Economic Terms shall exclude brokerage commissions and other Landlord payments that do not directly inure to the tenant's benefit. It is understood that should Landlord intend to lease other office space in addition to the First Right Space as part of a single transaction, then Landlord's notice shall so provide and all such space shall collectively be subject to the following provisions. Within 3 business days after receipt of Landlord's notice, Tenant must give Landlord written notice pursuant to which Tenant shall elect to (i) lease all, but not less than all, of the space specified in Landlord's notice (the "**Designated Space**") upon such Economic Terms and the same non-Economic Terms as set forth in this Lease; (ii) refuse to lease the Designated Space, specifying that such refusal is not based upon the Economic Terms, but upon Tenant's lack of need for the Designated Space, in which event Landlord may lease the Designated Space upon any terms it deems appropriate; or (iii) refuse to lease the Designated Space, specifying that such refusal is based upon said Economic Terms, in which event Tenant shall also specify revised Economic Terms upon which Tenant shall be willing to lease the Designated Space. In the event that Tenant does not so respond in writing to Landlord's notice within said period, Tenant shall be deemed to have elected clause (ii) above. In the event Tenant gives Landlord notice pursuant to clause (iii) above, Landlord may elect to either (x) lease the Designated Space to Tenant upon such revised Economic Terms and the same other non-Economic Terms as set forth in this Lease, or (y) lease the Designated Space to any third party upon Economic Terms which are not materially more favorable to such party than those Economic Terms proposed by Tenant. Should Landlord so elect to lease the Designated Space to Tenant, then Landlord shall promptly prepare and deliver to Tenant an amendment to this Lease consistent with the foregoing, and Tenant shall execute and return same to Landlord within 10 days. Tenant's failure to timely return the amendment shall entitle Landlord to specifically enforce Tenant's commitment to lease the Designated Space, to lease such space to a third party, and/or to pursue any other available legal remedy. Notwithstanding the foregoing, it is understood that Tenant's First Right shall be subject to any extension or expansion rights previously granted by Landlord to any third party tenant in the Building, as well as to any such rights which may hereafter be granted by Landlord to any third party tenant occupying the First Right Space or any portion thereof, and Landlord shall in no event be obligated to initiate this First Right prior to leasing any portion of the First Right Space to the then-current occupant thereof. Tenant's rights under this Section shall be personal to the original Tenant named in this Lease and may not be assigned or transferred (except in connection with a Permitted Transfer of this Lease to an Affiliate as described in Section 9.2 hereof). Any other attempted assignment or transfer shall be void and of no force or effect.

2. **RIGHT TO TERMINATE.** Provided Tenant is not in Default under any provision of this Lease, Tenant shall have a one-time right to terminate this Lease effective as of the expiration of the 42nd month of the initial Term. Tenant shall exercise such termination right by giving written notice thereof to Landlord (the "**Termination Notice**") at least 9 months prior to the effective date of termination. All Rent and other costs due under this Lease for the Premises shall be due and payable by Tenant to Landlord through the effective date of termination. In addition, should Tenant exercise the foregoing right to terminate, Tenant shall pay to Landlord, concurrently with its delivery of the Termination Notice, a separate termination fee, as reasonably computed by Landlord, comprised of the unamortized portion (based upon a constant amortization over a 7 year period with 7% interest) as of the effective date of termination of (A) brokerage commissions paid by Landlord in connection with the Lease, and (B) tenant improvement costs funded by Landlord. Any such termination shall not abrogate any obligation existing under the Lease as of the termination date or otherwise attributable to Tenant's occupancy thereof.

EXHIBIT X

WORK LETTER

**DOLLAR ALLOWANCE
[SECOND GENERATION SPACE]**

The Tenant Improvement work (herein "**Tenant Improvements**") shall consist of any work required to complete the Premises pursuant to plans and specifications approved by both Landlord and Tenant. All of the Tenant Improvement work shall be performed by a contractor selected by Landlord and in accordance with the procedures and requirements set forth below.

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES

- A. Tenant and Landlord shall approve both (i) a detailed space plan for the Premises, prepared by the architect engaged by Landlord for the work described herein ("**Landlord's Architect**"), which includes interior partitions, ceilings, interior finishes, interior office doors, suite entrance, floor coverings, window coverings, lighting, electrical and telephone outlets, plumbing connections, heavy floor loads and other special requirements ("**Preliminary Plan**"), and (ii) an estimate, prepared by the contractor engaged by Landlord for the work herein ("**Landlord's Contractor**"), of the cost for which Landlord will complete or cause to be completed the Tenant Improvements ("**Preliminary Cost Estimate**"). Tenant shall approve or disapprove each of the Preliminary Plan and the Preliminary Cost Estimate by signing copies of the appropriate instrument and delivering same to Landlord within 5 business days of its receipt by Tenant. If Tenant disapproves any matter, Tenant shall specify in detail the reasons for disapproval and Landlord shall attempt to modify the Preliminary Plan and the Preliminary Cost Estimate to incorporate Tenant's suggested revisions in a mutually satisfactory manner; provided that in no event shall Tenant have the right to request changes or additions to the Preliminary Plan for the purpose of utilizing any unused portion of the Landlord Contribution (as defined below).
- B. On or before its approval of the Preliminary Plan, Tenant shall provide in writing to Landlord or Landlord's Architect all specifications and information reasonably requested by Landlord for the preparation of final construction documents and costing, including without limitation Tenant's final selection of wall and floor finishes, complete specifications and locations (including load and HVAC requirements) of Tenant's equipment, and details of all other non-building standard improvements to be installed in the Premises (collectively, "**Programming Information**"). Tenant understands that final construction documents for the Tenant Improvements shall be predicated on the Programming Information, and accordingly that such information must be accurate and complete.
- C. Upon Tenant's approval of the Preliminary Plan and Preliminary Cost Estimate and delivery of the complete Programming Information, Landlord's Architect and engineers shall prepare and deliver to the parties working drawings and specifications ("**Working Drawings and Specifications**"), and Landlord's Contractor shall prepare a final construction cost estimate ("**Final Cost Estimate**") for the Tenant Improvements in conformity with the Working Drawings and Specifications. Tenant shall have 5 business days from the receipt thereof to approve or disapprove the Working Drawings and Specifications and the Final Cost Estimate, and any disapproval or requested modification shall be limited to items not contained in the approved Preliminary Plan or Preliminary Cost Estimate; provided that in no event shall Tenant have the right to request changes or additions to the Working Drawings and Specifications for the purpose of utilizing any unused portion of the Landlord Contribution. In no event shall Tenant disapprove the Final Cost Estimate if it does not exceed the approved Preliminary Cost Estimate. Should Tenant disapprove the Working Drawings and Specifications and the Final Cost Estimate, such disapproval shall be accompanied by a detailed list of revisions. Any revision requested by Tenant and accepted by Landlord shall be incorporated by Landlord's Architect into a revised set of Working Drawings and Specifications and Final Cost Estimate, and Tenant shall approve same in writing within 5 business days of receipt without further revision.

- D. In the event that Tenant requests in writing a revision in the approved Working Drawings and Specifications (“**Change**”), then provided such Change is acceptable to Landlord, Landlord shall advise Tenant by written change order as soon as is practical of any increase in the Completion Cost such Change would cause. Tenant shall approve or disapprove such change order in writing within 2 business days following its receipt from Landlord. Tenant’s approval of a Change shall be accompanied by Tenant’s payment of any resulting increase in the Completion Cost, regardless of any unutilized portion of the “Landlord Contribution” as defined below. It is understood that Landlord shall have no obligation to interrupt or modify the Tenant Improvement work pending Tenant’s approval of a change order.
- E. It is understood that the Preliminary Plan and the Working Drawings and Specifications, together with any Changes thereto, shall be subject to the prior approval of Landlord. Landlord shall identify any disapproved items within 3 business days (or 2 business days in the case of Changes) after receipt of the applicable document. Should Landlord approve work requested in writing by the Tenant that would necessitate any ancillary Building modification or other expenditure by Landlord, then except to the extent of any remaining balance of the Landlord Contribution, Tenant shall, in addition to its other obligations herein, promptly fund the cost thereof approved by the Tenant to Landlord.
- F. It is understood that all of the Tenant Improvements shall be done during Tenant’s occupancy of the Premises. In this regard, Tenant agrees to assume any risk of injury, loss or damage which may result. Tenant further agrees that it shall be solely responsible for relocating its office equipment and furniture in the Premises in order for Landlord to complete the work in the Premises and that no rental abatement shall result while the Tenant Improvements are completed in the Premises.
- G. Tenant hereby designates Doug Croxall, Telephone No. (____) _____, as its representative, agent and attorney-in-fact for the purpose of receiving notices, approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. Tenant may amend the designation of its construction representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF TENANT IMPROVEMENTS

- A. Landlord shall complete, or cause to be completed, the Tenant Improvements, at the construction cost shown in the approved Final Cost Estimate (subject to the provisions of this Work Letter), in accordance with final Working Drawings and Specifications approved by both Landlord and Tenant. Landlord shall pay towards the final construction costs (“**Completion Cost**”) as incurred a maximum of \$51,380.00 (“**Landlord Contribution**”), based on \$35.00 per usable square foot of the Premises, and Tenant shall be fully responsible for the remainder (“**Tenant Contribution**”). Tenant understands and agrees that any portion of the Landlord Contribution not requested by Tenant in accordance with this **Exhibit X** by December 31, 2014, shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment; provided, however, that Tenant may, upon written request delivered to Landlord not later than December 31, 2014, apply a portion of the unused Landlord Contribution not to exceed \$25,690.00 to the next then due Basic Rent. Landlord shall promptly memorialize any such reduction in the Basic Rent on a form provided by Landlord. In addition, Tenant may utilize a portion of the unused Landlord Contribution not to exceed \$14,680.00 toward the out-of-pocket expenses incurred by Tenant for (1) relocating to the Premises, including moving costs (not to exceed \$7,340.00 in the aggregate) (“**Moving Costs**”) and (2) for the purchase, refurbishment or relocation of furniture, fixtures and equipment for the Premises (not to exceed \$7,340.00 in the aggregate) (“**FF&E Costs**”). Tenant shall be reimbursed for Moving Costs and/or FF&E Costs by submitting copies of all supporting third-party invoices to Landlord by August 1, 2014. Landlord shall reimburse Tenant in one installment for Moving Costs and one installment for FF&E Costs within 30 days following receipt of all such respective invoices.

- B. The Completion Cost shall include all direct costs of Landlord in completing the Tenant Improvements, including but not limited to the following: (i) payments made to architects, engineers, contractors, subcontractors and other third party consultants in the performance of the work, (ii) permit fees and other sums paid to governmental agencies, (iii) costs of all materials incorporated into the work or used in connection with the work (excluding any furniture, fixtures and equipment relating to the Premises), and (iv) keying and signage costs. The Completion Cost shall also include an administrative/supervision fee to be paid to Landlord in the amount of 3% of all such direct costs, cosmetic alterations not requiring a permit excluded.
- C. Prior to start of construction of the Tenant Improvements, Tenant shall pay to Landlord the amount of the Tenant Contribution set forth in the approved Final Cost Estimate. In addition, if the actual Completion Cost of the Tenant Improvements is greater than the Final Cost Estimate because of modifications or extras requested by Tenant and not reflected on the approved working drawings, or because of delays caused by Tenant, then notwithstanding any unused portion of the Landlord Contribution, Tenant shall pay to Landlord, within 10 days following submission of an invoice therefor, all such additional costs, including any additional architectural fee. If Tenant defaults in the payment of any sums due under this Work Letter, Landlord shall (in addition to all other remedies) have the same rights as in the case of Tenant's failure to pay rent under the Lease.

PATENT PURCHASE AGREEMENT

This PATENT PURCHASE AGREEMENT (this "**Agreement**") is entered into on October 31, 2013 (the "**Effective Date**") by and between **DELPHI TECHNOLOGIES, INC.**, a Delaware corporation, of 5725 Delphi Drive, Troy, MI 48098-2815 USA ("**Seller**") and Loopback Technologies, Inc., a Delaware corporation of 2331 Mill Road Suite 100 Alexandria, VA 22314 ("**Purchaser**"). The parties hereby agree as follows:

1. Background

- 1.1 Seller owns certain United States patents and patent applications and related foreign patents and applications.
- 1.2 Seller wishes to sell to Purchaser all of Seller's right, title and interest in the Acquisition Patents (as defined below) and any and all rights associated therewith, including, without limitation, the rights to further develop the technology, to commercialize and to enforce the constitutional right to exclude others from practicing the technology.
- 1.3 Purchaser wishes to purchase from Seller all right, title and interest in the Assigned Patent Rights (as defined below).

2. Definitions

- 2.1 "**Acquisition Patents**" means the Patent Families listed on Exhibit A-1 hereto, as the same shall be finalized at Closing in accordance with Section 3.3 below.
- 2.2 "**Affiliate**" means, with respect to any Person, any Entity in any country that controls, is controlled by or is under common control with such Person. The term "control" means possession directly or indirectly of the power to direct or cause the direction of the management and policies of an Entity, whether through the ownership of voting securities, by trust, management agreement, contract or otherwise; provided, however, that beneficial ownership of at least fifty percent (50%) of the voting equity interests of an entity shall be deemed to be control
- 2.3 "**Assigned Patent Rights**" means the Acquisition Patents and (a) all causes of action (whether currently pending, filed, or otherwise) and other enforcement rights under the Acquisition Patents including, without limitation, all rights to sue, to countersue and to pursue damages, injunctive relief, and any other remedies of any kind for past, current and future infringement; and (b) all rights to recover and collect settlement arrangements, license payments (including lump sum payments), royalties and other payments due now or hereafter due or payable with respect thereto, under or on account of any of the Acquisition Patents or any of the foregoing and (c) any and all privileges, including the benefit of all attorney client privilege and attorney work product privilege.
- 2.4 "**Entity**" means any corporation, partnership, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, governmental entity (or any department, agency, or political subdivision thereof) or any other legal entity.
- 2.5 "**Executed Assignment**" means an executed original of the Patent Assignment Agreement in *Exhibit B*.
- 2.6 "**Patents**" means any patents and patent applications, including but not limited to all reissues, reexaminations, extensions, continuations, continuations in part, continuing prosecution applications, provisionals and divisions of such patents, and any patents and patent applications which claim priority to any of the foregoing, and all foreign counterparts of the foregoing.
- 2.7 "**Patent Families**" means a group of one or more Patents which are all related to each other by way of claiming a common priority date from one of the Patents in that group, including, for the avoidance of doubt, any Additional Inventions and Patents (as defined below) of such Patents.

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

2.8 “*Person*” means any individual or Entity.

3. Selection of Patents; Document Delivery; Broker

- 3.1 As of the Effective Date, *Exhibit A-1* identifies the fifteen (15) Patent Families that Purchaser is contemplating acquiring at Closing (as defined below). At any point prior to the Closing, Purchaser shall be permitted to amend *Exhibit A-1* in accordance with the provisions set forth in Section 3.3 below.
- 3.2 Document Delivery. As soon as reasonably practicable after the Effective Date, Seller shall send to Purchaser, via Federal Express or other reliable overnight delivery service or by hand delivery, all prosecution files and all other documents, communications and files (electronic or otherwise) regarding the ownership, prosecution, maintenance and enforcement of the fifteen (15) Patent Families identified in *Exhibit A-1* on the Effective Date to the extent the same are in the possession or control of the patent department of Seller, any affiliate of Seller or their respective counsel, agents or related parties, including, but not limited to those documents listed on the Document Request Form attached hereto as *Exhibit C* (collectively, the “Documents”), and in addition will sign the affidavit attached to the Document Request Form as Attachment 1 or alternatively, the affidavit attached to the Document Request Form as Attachment 2.
- 3.3 Substitute Patent Families. At any time between the Effective Date and the Closing Date, Purchaser will have the right to inform the Seller of the potential substitution of a different available Patent Family listed in *Exhibit A-2* in place of any of the Patent Families listed in *Exhibit A-1* (each a “Substitute Patent Family”) or the removal of a Patent Family listed on *Exhibit A-1*. After such substitution, Seller will provide Documents for such Substitute Patent Family as forth in Section 3.2 and Purchaser will promptly review such Documents after receipt thereof to accept or reject the Substitute Patent Family, in its sole discretion and such process shall continue until Closing. Once a Patent Family has been accepted by Purchaser for purchase, it shall remain on *Exhibit A-1* and *Exhibit A-1* shall be further updated by Purchaser to reflect any substitutions and/or removals and shall become final at Closing, unless certified as final by Purchaser on an earlier date if the reviews of the Acquisition Patents and Substitute Patent Families have been earlier concluded. In the event that after Purchaser’s review of available Substitute Patent Families, Purchaser has exhausted the list of available Patent Families on *Exhibit A-2* without confirming fifteen (15) Patent Families as Acquisition Patents, (i) Seller will update *Exhibit A-2* to provide additional Patent Families for Purchaser’s consideration until such time as Purchaser has designated fifteen (15) Patent Families as Acquisition Patents or (ii) if Seller if unable or otherwise fails to provide additional Patent Families acceptable to Purchaser as set forth in Section 3.3(i) by the Closing Date, the Purchase Price will be reduced by an amount equal to the product of * multiplied by a fraction (a) the numerator of which shall be the number of Patent Families listed on the final *Exhibit A-1* constituting the Acquisition Patents and (b) the denominator of which shall be fifteen (15).
- 3.4 Notwithstanding Seller’s delivery obligations under Section 3.2 and Section 3.3 above, in the event that a Document related to ownership, prosecution, maintenance, notice of claims of prior art, validity or Seller’s enforcement is discovered at any time following the Closing that was not provided to Purchaser in accordance with Section 3.2 or Section 3.3 above as well as other Documents that are knowingly withheld (any such Document, an “Undisclosed Document”), Seller will promptly provide to Purchaser the Undisclosed Document. To the extent that any Undisclosed Document is material to any of the Acquisition Patents (including but not limited to, the validity or enforceability thereof or chain of title thereto), in addition to of any other rights or remedies Purchaser may have under law or this Agreement, Purchaser shall be entitled to demand and Seller will promptly pay, a refund of a portion of the Purchase Price, equal to the product of the Purchase Price multiplied by a fraction (a) the numerator of which shall be the number of Patent Families constituting the Acquisition Patents impacted by the Undisclosed Document and (b) the denominator shall be the total number of Patent Families constituting the Acquisition Patents. In the event of any refund pursuant to this paragraph, Purchaser will assign ownership to Seller of the Acquisition Patents within the pertinent Patent Family. In the event that Purchaser has received any revenues from third parties attributable to such pertinent Patent Family, * of such revenues will be netted out against that portion of the Purchase Price to be refunded.

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

3.5 Broker Activity. Promptly after Closing, Purchaser shall engage a third party patent broker (“Broker”) to make the Acquisition Patents available for purchase by third parties for a minimum period of thirty (30) days on terms and conditions acceptable to Purchaser. Notwithstanding anything to the contrary contained herein, Purchaser shall be permitted to provide to such interested third parties, subject to obligations of confidentiality at least as stringent as those contained herein, a copy of this Agreement and access to any Documents.

4. Cash Consideration

4.1 Subject to any adjustment under Section 3.3 above, in addition to all other consideration to which Seller is entitled hereunder, Purchaser shall pay to Seller *(\$*) (the “Purchase Price”) as consideration for the sale, assignment, transfer and conveyance of the Assigned Patent Rights to Purchaser under this Agreement. Subject to the Closing, the Purchase Price shall be paid on the Closing Date (as defined below).

4.2 All payments shall be made by wire transfer of funds to Seller:

*

5. License Back Under Patents.

5.1 License Back. As additional valuable consideration hereunder, subject to the Closing, Purchaser grants to Seller and its Affiliates, under the Acquisition Patents, a royalty-free, irrevocable, perpetual, non-exclusive, non-divisible, nontransferable (except as provided in Section 10.4 below) worldwide right and license, without the right to sublicense, to make, have made, use, sell, offer for sale, import and otherwise distribute Licensed Products (as defined below) (the “License”). Seller (and its Affiliates) will not act with intent to provide any third party the benefits of this License, by entering into transactions outside the ordinary course of Seller’s (and its Affiliates’) business. Except as set forth in Section 10.4, the License, as to any Affiliate of Seller, will terminate as to such member if and when such member ceases to meet the requirements of being an Affiliate of Seller. Notwithstanding the foregoing, with respect to Seller, the term “Affiliates” excludes any Person that is a party to a pending patent infringement claim or lawsuit filed with respect to the Acquisition Patents at such time, following the Effective Date, as the Person becomes an Affiliate.

“Licensed Products” means any and all products and processes of Seller and its Affiliates which incorporate subject matter claimed or protected by the Acquisition Patents.

5.2 Pass-Through Rights. For the avoidance of doubt and notwithstanding anything to the contrary contained herein, the License may be passed through to Seller’s and Seller’s Affiliates’ purchasers, sellers, importers, distributors or users of the Licensed Products, as applicable, and extends to an integrated system (a “Combined Licensed Product”) only as required to the extent that the manufacture, sale, offering to sell, import, use or other disposal of the Combined Licensed Product would not infringe (including without limitation any forms of indirect infringement) one or more claims or any of the Acquisition Patents but for the inclusion of a Licensed Product within the Combined Licensed Product;

5.3 No Third Party Rights. Neither Seller nor any of Seller’s Affiliates will act with the primary intent to provide any third party the benefit of the rights under the License.

5.4 No License Transfer. Except as explicitly permitted in Section 10.4 hereunder, Seller shall not assign nor transfer this License or any right, benefit or obligation hereunder, including by a change of control (which shall be deemed an assignment and similarly limited), operation of law or otherwise without the prior written consent of Licensor.

5.5 Limited Release. Upon the Closing, Purchaser hereby irrevocably releases Seller and its Affiliates and their product and service distributors, resellers, retailers, customers and other recipients duly in possession of Licensed Products from any and all liability for any infringement of the Acquisition Patents prior to the Closing solely with respect to such Licensed Products.

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

6. Transfer of Patents and Additional Rights

- 6.1 Assignment of Patents. Seller hereby sells, assigns, transfers and conveys to Purchaser all right, title and interest in and to the Assigned Patent Rights and will provide Purchaser with the Executed Assignment for the Assigned Patent Rights upon receipt of the Purchase Price. Purchaser shall be responsible for recording the Executed Assignment with the United States Patent and Trademark Office (or its foreign counterparts as applicable) and shall provide Seller with written evidence thereof promptly after doing so.
- 6.2 Additional Patents. Seller hereby represents and warrants to Purchaser that all patents, reissues, reexaminations, extensions, continuations, continuations in part, continuing prosecution applications, provisionals and divisions of the Acquisition Patents and patents and patent applications that claim priority to any of the foregoing are (or will be at Closing) listed on *Exhibit A-1*. In the event that Purchaser discovers, at any time any patents, reissues, reexaminations, extensions, continuations, continuations in part, continuing prosecution applications, provisionals and divisions of the Acquisition Patents or patents or patent applications that claim priority to any of the foregoing that are owned by Seller other than those listed in *Exhibit A-1* (the "Additional Inventions and Patents"), then the Additional Inventions and Patents shall be sold, including by transferring, assigning and setting over, to Purchaser, all right, title and interest thereto, for no additional consideration, and the Additional Inventions and Patents shall be deemed "Acquisition Patents", as applicable, under this Agreement, for all intents and purposes. In such event, the Parties shall sign an amended *Exhibit A-1* to add the Additional Inventions and Patents thereto and in the event that Purchaser's notification to Seller is subsequent to the Closing, then the Parties shall conduct a subsequent closing and the provisions of Section 7.1 shall apply to the sale, assignment transfer and setting over to Purchaser of the Additional Inventions and Patents, *mutatis mutandis*.
- 6.3 No Assumption of Liabilities. It is expressly understood and agreed that Purchaser shall not be liable for and hereby disclaims any assumption of any of the obligations, claims or liabilities of Seller and/or its Affiliates and/or of any third party of any kind or nature whatsoever arising from or in connection with any circumstances, causes of action, breach, violation, default or failure to perform with respect to the Assigned Patent Rights prior to the Closing and/or for any liability in connection with the Preexisting Licenses (as defined below). To the extent that any of the Assigned Patent Rights relate to inventions that by law or regulations governing employee inventions require compensation to be paid to the employee inventors ("Employee Inventors"), the Seller shall be responsible for paying each of the Employee Inventors named in the Assigned Patent Rights their respective portion of any required inventor compensation.

7. Closing and Additional Obligations

- 7.1 The closing of the purchase and sale of the Assigned Patent Rights (the "Closing") shall take place on or before December 15, 2013, unless otherwise agreed, above (the "Closing Date").
- (a) At the Closing, Seller shall execute and deliver to Purchaser (i) the Executed Assignment, as well as (ii) a copy of all corporate approvals required by it in order to executive, deliver and perform this Agreement and the transactions contemplated hereunder.
 - (b) At the Closing, to the extent that there is (i) any amendment or material change to the representations and/or warranties of Seller as provided herein (and any related Exhibits), including but not limited to, as the result of the designation of any Substitute Patent Families as Acquisition Patents pursuant to Section 3.3 above, Seller shall bring down its representations and warranties as of immediately prior to the Closing Date (the "**Bring Down Schedule**") and deliver such Bring Down Schedule to Purchaser or (ii) no such amendment or material change to the representations and/or warranties of Seller as provided herein, Seller shall provide written confirmation that no such amendments or materials changes so exist (the "Bring Down Certification").
 - (c) The obligation of Purchaser to consummate the Closing (all of which shall be deemed waived if the Closing occurs) is subject to the satisfaction or waiver by Purchaser of the following conditions:

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

- (i) Seller shall have performed all of its obligations hereunder required to be performed by it at or prior to the Closing;
 - (ii) the representations and warranties of Seller contained in this Agreement shall be true at and as of the Closing, as if the Closing was substituted for the date in such representations and warranties; and no information contained in Seller's Bring Down Schedule shall reflect a material adverse change in the representations and warranties of the Seller from the Effective Date until the Closing Date (unless otherwise waived in writing by Purchaser, in its sole discretion);
 - (iii) no court, arbitrator or governmental authority shall have issued any order, and there shall not be any applicable law, restraining the effective operation or use by Purchaser of any of the Assigned Patent Rights on or after the Closing;
 - (iv) all corporate and other proceedings in connection with the transactions contemplated by this Agreement shall have been performed by Seller, all documents and instruments incident to such transactions and reasonably requested by Purchaser shall be reasonably satisfactory in substance and form to Purchaser and its counsel, shall have been executed and Purchaser and its counsel shall have received counterpart originals or certified or other copies of such documents and instruments as Purchaser or its counsel may reasonably request; and
- (v) Purchaser being satisfied, in its sole discretion and in consultation with counsel, that the Acquisition Patents are valid and enforceable, taking into consideration any information contained in the Documents.

7.2 Further Assurance. At the reasonable request of Purchaser, Seller will execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby, including execution, acknowledgment and recordation of other such papers for fully perfecting and conveying unto Purchaser the benefit of the transactions contemplated hereby. Without limiting the foregoing, Seller will direct its counsel to work cooperatively with Purchaser's counsel, in a timely manner and, in any event, as soon as practical, including but not limited to responding to any third-party requests for information as authorized by Purchaser and by granting access to inventors currently employed by Seller. To induce Seller to enter into this Agreement, Purchaser will conduct its business in accordance with good business practices.

7.3 Inventor Agreements. Seller will make every reasonable effort to cooperate with Purchaser and Purchaser's counsel, in obtaining and delivering to Purchaser inventor agreements, in the form attached hereto as Exhibit E, signed by each of the inventors under the Acquisition Patents, and if asked by such inventors will encourage the inventors to so sign the inventor agreements.

7.4 Inventor Oath and Declaration. Seller shall obtain and deliver to Purchaser fully executed declarations from each employee inventor under those of the Acquisition Patents which are, as of the Effective Date, pending before the United States Patent and Trademark Office (a "Pending Patent"), in the form attached hereto as Exhibit F or in another form compliant with 37 CFR 1.63 as in force on the filing date of the Pending Patent and on the Effective Date, in connection with any Pending Patent. The foregoing shall not apply to any Pending Patent(s) which are reissue applications. All Pending Patents that are reissue applications will be particularly designated as such by the Seller. Upon request by Purchaser, Seller will permit Purchaser's counsel to conduct telephone interviews with each inventor currently employed by Seller at a mutually convenient time for Purchaser's counsel and such inventor.

7.5 Payment of Fees. Purchaser will be responsible for any maintenance fees, annuities, and the like due or payable on the Acquisition Patents following the Closing Date and will reimburse Seller for any such fees, annuities incurred after the Closing Date and the like that are paid by Seller.

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8. Representations And Warranties Of Seller

Seller hereby represents and warrants to Purchaser as follows that, as of the Effective Date:

- 8.1 Authority. Seller has the full power and authority, and has obtained all third party consents, approvals or other authorizations required, to enter into this Agreement and to carry out its obligations hereunder, including, without limitation, the assignment of the Assigned Patent Rights to Purchaser. The execution and delivery of this Agreement and the related transaction documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate actions on the part of Seller. This Agreement and the other transaction documents have been duly executed and delivered by the Seller, and constitute legal, valid and binding obligations of Seller, enforceable in accordance with their terms.
- 8.2 Non-Contravention. Seller's execution, delivery, and performance of its obligations under this Agreement will not conflict with or violate the corporate documents of Seller or any laws to which Seller is subject, or any agreement or other obligation of Seller or binding upon Seller's assets or result in the creation or imposition of any mortgage, lien, charge, pledge, security interest, other encumbrance or third party right upon any of the Assigned Patent Rights.
- 8.3 Title and Contest. Seller owns all right, title, and interest to the Assigned Patent Rights, including all right, title, and interest to sue for infringement of the Acquisition Patents and all attorney-client privilege. The Assigned Patent Rights are free and clear of all liens, claims, mortgages and security interests. There are no actions, suits, investigations, claims or proceedings threatened, pending or in progress relating in any way to the Assigned Patent Rights. Seller is not obligated or under any liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant with respect to the use of any of the Assigned Patent Rights or subject matter disclosed and claimed in the Acquisition Patents or in connection with the licensing or sale of any of the Assigned Patent Rights to third parties, in each case, other than under the Preexisting Licenses.
- 8.4 Preexisting Licenses. No licenses under the Acquisition Patents, or interest or rights in any of the Assigned Patent Rights, have been granted or retained other than as set forth on Exhibit G and those to be granted at Closing as set forth in Article 5 (the "**Preexisting Licenses**"). To Seller's best knowledge, the Preexisting Licenses are non-sublicensable (except as to have-made or similar rights and further, except as to affiliates and to suppliers of the licensees) and non-transferable (except in connection with a merger, acquisition, or similar transaction) and non-assignable. Seller represents and warrants that no exclusive licenses under the Patents have been granted. The Preexisting Licenses are not being assigned hereunder and Seller shall continue to remain liable as the "licensor" thereunder, however title is taken subject to Preexisting Licenses.

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- 8.5 Conduct. Seller or its agents or representatives have not knowingly engaged in any conduct, or omitted to perform any necessary act, the result of which would invalidate any of the Acquisition Patents or hinder their enforcement, including, without limitation, misrepresenting Seller's patent rights to a standard-setting organization.
- 8.6 Enforcement. Seller has not put a third party on notice of actual or potential infringement of any of the Acquisition Patents. Seller has not invited any third party to enter into a license under any of the Acquisition Patents. Seller has not initiated any enforcement action with respect to any of the Acquisition Patents.
- 8.7 Patent Office Proceedings. To Seller's best knowledge, none of the Acquisition Patents has been or is currently involved in any reexamination, reissue, interference proceeding, or any similar proceeding, or that any such proceedings are pending or threatened.
- 8.8 Fees. All maintenance fees, annuities, and the like due on the Acquisition Patents until the lapse of ninety (90) days following the Closing Date have been timely paid.
- 8.9 Validity and Enforceability. The Acquisition Patents have never been found invalid or unenforceable for any reason in any administrative, arbitration, judicial or other proceeding, and Seller does not know of and has not received any notice or information of any kind from any source suggesting that the Acquisition Patents may be invalid or unenforceable.
- 8.10 No Joint Development Activity. To Seller's best knowledge, no Acquisition Patent (i) is the product or subject of any joint development activity or agreement with any third party; (ii) is the subject of any consortia agreement; or (iii) has been financed in whole or in part by any third party.
- 8.11 Terminal Disclaimers. There are no terminal disclaimers of any kind related to or affecting any of the Assigned Patent Rights.
- 8.12 Pending United States Applications. There are no pending US patent applications of any kind constituting an Assigned Patent Right.
- 8.13 Patent Marking. Seller has addressed patent marking for its products and services by maintaining a website at www.delphi.com/pdf/dti/delphi-us-patents-august-2012.pdf. To Seller's best knowledge, no licensee under the Assigned Patent Rights would be required to mark any product or services under the Acquisition Patents and/or their containers, labels, and/or other packaging with any applicable patent numbers.

9. Representations And Warranties Of Purchaser.

Purchaser hereby represents and warrants to Seller as follows that, as of the Effective Date:

- 9.1 Purchaser is a corporation organized under the laws of Delaware.
- 9.2 Purchaser has the full power and authority, and has obtained all third party consents, approvals or other authorizations required, to enter into this Agreement and to carry out its obligations hereunder.

10. Miscellaneous

- 10.1 Limitation of Liability. SELLER'S TOTAL LIABILITY UNDER THIS AGREEMENT WILL NOT EXCEED THE AGGREGATE OF THE AMOUNTS PAID TO SELLER. PURCHASER ACKNOWLEDGES THAT THIS LIMITATION ON SELLER'S POTENTIAL LIABILITY WAS AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS AGREEMENT.

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- 10.2 Limitation on Consequential Damages. NEITHER PARTY WILL HAVE ANY OBLIGATION OR LIABILITY (WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, AND NOTWITHSTANDING ANY FAULT, NEGLIGENCE (WHETHER ACTIVE, PASSIVE OR IMPUTED), REPRESENTATION, STRICT LIABILITY OR PRODUCT LIABILITY), FOR ANY INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR LOSS OF REVENUE, PROFIT, SAVINGS OR BUSINESS ARISING FROM OR OTHERWISE RELATED TO THIS AGREEMENT, EVEN IF A PARTY OR ITS EMPLOYEES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 10.3 Compliance With Laws. Notwithstanding anything contained in this Agreement to the contrary, the obligations of the parties will be subject to all laws, present and future, of any government having jurisdiction over the parties and this transaction, and to orders, regulations, directions or requests of any such government.
- 10.4 Assignment. Except as permitted hereunder, Seller shall not assign nor transfer this Agreement, or any right, benefit or obligation hereunder, including for the avoidance of doubt, the License, including by a change of control (which shall be deemed an assignment and similarly limited), operation of law or otherwise other than as provided in Section 10.4(a) below.
- (a) Notwithstanding the foregoing limitations on assignment, Seller may assign all or the pertinent part of its rights, benefits and obligations under this Agreement to an Affiliate or to any Person that acquires, by purchase of stock, purchase of assets, merger, or other form of transaction, all or substantially all of Seller's equity or assets or all or substantially all of a portion of Seller's business or assets primarily relating to any of the Acquisition Patents (an "**Acquirer**" and a "**Sale Transaction**," respectively); provided that (i) the Acquirer is not a party to a patent assertion claim or infringement action or suit involving one or more of the Acquisition Patents prior to the Sale Transaction; (ii) the Acquirer's use of the License will be limited to the terms thereof, shall apply strictly to the Licensed Products in existence as of the date of such Sale Transaction (and updates and upgrades thereto and natural evolutions thereof) and in no event will extend to any other products, processes or services of the Acquirer or its Affiliates; and (iii) within thirty (30) days after the transaction with the Acquirer, Seller provides Purchaser with written notice of the transaction, which notice will contain: (x) the effective date of the transaction, (y) a description of the transaction, and (z) a representation and warranty that to Seller's knowledge the condition set forth in (i) above is met.
- (b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Any attempted assignment in violation of Section 10.4(a) shall be void. For the avoidance of doubt, Purchaser is permitted to sell, assign, or otherwise transfer any of the Acquisition Patents ("**Transferred Patents**") without Seller's consent; provided that the License and covenants of Purchaser contained herein with respect to the License shall run with the rights being sold, assigned, or transferred and the Transferred Patents and shall be binding on any successors-in-interest, transferees, or assigns thereof.

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- 10.5 Confidentiality of Terms. The parties hereto will keep the terms and existence of this Agreement and the identities of the parties and their Affiliates hereto confidential and will not now or hereafter divulge any of this information to any third party except (a) with the prior written consent of the other party; (b) as otherwise may be required by law or legal process to any governmental body having jurisdiction and specifically requiring such disclosure; (c) subject to obligations of confidentiality and/or privilege at least as stringent as those contained herein, to legal and financial advisors in their capacity of advising a party in such matters; (d) during the course of litigation, so long as the disclosure of such terms and conditions is restricted in the same manner as is the confidential information of other litigating parties; (e) in confidence to its legal counsel, accountants, banks and financing sources and their advisors solely in connection with complying with financial obligations hereunder; (f) subject to obligations of confidentiality and/or privilege at least as stringent as those contained herein, to a counterparty engaged in due diligence in connection with a proposed merger, acquisition, reorganization, or financing of all or substantially of a Party's assets or equity or in connection with a proposed sale or exclusive license of the Assigned Patent Rights, as applicable; (g) by Purchaser, in order to perfect Purchaser's interest in the Assigned Patent Rights with any governmental patent office (including, without limitation, recording the Executed Assignment in any governmental patent office); (h) to enforce Purchaser's right, title and interest in and to the Assigned Patent Rights; or (i) for the purposes of disclosure in connection with the Securities and Exchange Act of 1934, as amended, the Securities Act of 1933, as amended, and any other reports filed with the Securities and Exchange Commission, or any other filings, reports or disclosures that may be required under applicable laws or regulations provided that, in (b) and (d) above, (1) the disclosing party will use all legitimate and legal means available to minimize the disclosure to third parties, including, without limitation, seeking a confidential treatment request or protective order whenever appropriate or available; and (2) the disclosing party will provide the other party with at least ten (10) days' prior written notice of such disclosure.
- 10.6 Governing Law. This Agreement, and all claims or causes of action (whether in contract, tort or otherwise) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule.
- 10.7 Dispute Resolution. Except for the right of either party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm, any and all claims, disputes or controversies arising under, out of, or in connection with the Agreement which the parties will be unable to resolve within sixty (60) days will be mediated in good faith. The party raising such dispute will promptly advise the other party of such claim, dispute or controversy in a writing which describes in reasonable detail the nature of such dispute. By not later than five (5) business days after the recipient has received such notice of dispute, each party will have selected for itself a representative who will have the authority to bind such party, and will additionally have advised the other party in writing of the name and title of such representative. By not later than ten (10) business days after the date of such notice of dispute, the party against whom the dispute will be raised will select a qualified mediation firm in the State of Michigan and such representatives will schedule a date with such firm for a mediation hearing. The parties will enter into good faith mediation and will share the costs equally. If the representatives of the parties have not been able to resolve the dispute within thirty (30) days after such mediation hearing, the parties will have the right to pursue any other remedies legally available to resolve such dispute in the Courts of the State of Michigan to whose jurisdiction for such purposes Seller and Purchaser each hereby irrevocably consents and submits. Notwithstanding the foregoing, nothing in this Article will be construed to waive any rights or timely performance of any obligations existing under this Agreement.

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10.8 Notices. All notices given hereunder will be given in writing, will refer to this Agreement and will be: (i) personally delivered, (ii) delivered prepaid by an internationally recognized express courier service, or (iii) sent postage prepaid registered or certified U.S. mail (return receipt requested) to the address set forth below:

If to Seller

Delphi Technologies, Inc.
M/C 483-400-404
5725 Delphi Drive
Troy, MI 48098-2815 USA
Tel: 248 813 1200
Fax: 248 813 1211
Attn: Vice President, Intellectual Property

If to Purchaser

Loopback Technologies, Inc.
2331 Mill Road Suite 100
Alexandria, VA 22314
Tel: 703 232 1701
Fax: 703 997 7320
Attn: Doug Croxall, CEO

Notices are deemed given on (a) the date of receipt if delivered personally or by express courier (or if delivery refused, the date of refusal), or (b) the fifth (5th) calendar day after the date of posting if sent by US mail. Notice given in any other manner will be deemed to have been given only if and when received at the address of the Person to be notified. Either party may from time to time change its address for notices under this Agreement by giving the other party written notice of such change in accordance with this Section.

10.9 Relationship of Parties. The parties are independent contractors and not partners, joint ventures, or agents of the other. Neither party assumes any liability of or has any authority to bind, or control the activities of, the other.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then the remainder of this Agreement will have full force and effect, and the invalid provision will be modified, or partially enforced, to the maximum extent permitted to effectuate its original objective.

10.11 Waiver. Failure by either party to enforce any term of this Agreement will not be deemed a waiver of future enforcement of that or any other term in this Agreement or any other agreement that may be in place between the parties.

10.12 Miscellaneous. Except for the Common Interest Agreement entered into by the Parties effective October 12, 2013, this Agreement, including its exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof, and merges and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions. Neither of the parties will be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. The section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. No oral explanation or oral information by either party hereto will alter the meaning or interpretation of this Agreement. No amendments or modifications will be effective (except for the updating of Exhibit A-1 by Purchaser as contemplated in Section 3 hereof) unless in writing and signed by authorized representatives of both parties. The following exhibits are attached hereto and incorporated herein: Exhibit A-1 (entitled "Acquisition Patents"); Exhibit A-2 ("Available Patents"); Exhibit B (entitled "Patent Assignment Agreement", Seller to Purchaser); Exhibit C (entitled "Document Request Form"); Exhibit E (entitled "Inventor Agreement"); Exhibit F (entitled "Inventor Oath and Declaration"); Exhibit G (entitled "Preexisting Licenses). In the event of any inconsistencies between the terms of this Patent Purchase Agreement and any of the Exhibits, the terms of this Patent Purchase Agreement shall prevail.

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10.13 Counterparts; Electronic Signature. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument. Each party will execute and deliver to the other parties a copy of this Agreement bearing its original signature. Prior to such execution and delivery, in order to expedite the process of entering into this Agreement, the parties acknowledge that Transmitted Copies of this Agreement will be deemed original documents. ***“Transmitted Copies”*** means copies that are reproduced or transmitted via email of a .pdf file, photocopy, facsimile or other process of complete and accurate reproduction and transmission.

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In witness whereof, the parties have caused this Patent Purchase Agreement to be executed as of the Effective Date by their respective duly authorized representatives.

DELPHI TECHNOLOGIES, INC.

By: /s/ John Carney

Name: John Carney

Title: Vice President

LOOPBACK TECHNOLOGIES INC.

By: /s/ Doug Croxall

Name: Doug Croxall

Title: CEO

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Exhibit A-1

ACQUISITION PATENTS

Docket No.	Appln. No.	Patent No.	Patent Title
DP-308892	10/340,053	6745582	HVAC control method for a remote start motor vehicle
DP-309659	10/700,208	7280662	Time-shifting data in digital radio system
G-11317	08/185,342	5394326	Air bag deployment control system and method
G-11571	08/157,512	5430649	SIR deployment method based on occupant displacement and crash severity
G-11647	08/133,351	5408448	Device and method for CD shuffle play
H-174316	08/205,468	5461567	Supplemental inflatable restraint system having a rear impact algorithm for seat belt pretensioner
H-184878	08/441,107	5712625	Vehicle operator verification system that prevents vehicle adapting systems from adapting
H-190375	08/558,124	5670962	Transmit power control for automotive radar system
H-195076	08/762,090	5714927	Method of improving zone of coverage response of automotive radar
H-195425	08/610,021	6175299	Analog signal processing system for determining airbag deployment
H-195546	08/566,029	5732375	Method of inhibiting or allowing airbag deployment
H-196686	08/695,814	5999871	Control method for variable level airbag inflation
H-198088	08/868,338	6012007	Occupant detection method and apparatus for air bag system
H-199337	08/927,588	5801619	Analog signal processing system and decision logic for controlling airbag deployment
H-203655	09/192,523	6219606	Restraint deployment control method having a delayed adaptable deployment threshold
H-204666	09/309,848	6151540	Dynamic occupant position detection system and method for a motor vehicle

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Exhibit A-2

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ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Agreement") is made and entered into this ____ day of _____, 2013 (the "Effective Date"), by Delphi Technologies, Inc., a Delaware corporation, having an address at 5725 Delphi Drive, Troy, MI 48098-2815 ("Assignor") and Loopback Technologies, Inc., a Delaware corporation having an address at 2331 Mill Road Suite 100 Alexandria, VA 22314 ("Assignee").

RECITALS

Assignor is the owner of (select as appropriate):

- the United States Patents set forth on Exhibit A hereto (the "U.S. Patents");
- the non-United States patents set forth on Exhibit B hereto (the "Foreign Patents");
- the United States patent applications set forth on Exhibit C hereto (the "U.S. Patent Applications");
- the United States provisional patent applications set forth on Exhibit D hereto (the "U.S. Provisional Patent Applications"); and/or
- the foreign patent applications set forth on Exhibit E hereto (the "Foreign Patent Applications");

which collectively shall be referred to herein as the "Patents".

B. Assignor and Assignee have agreed by way of a purchase agreement (the "Purchase Agreement") dated _____, 2013, by and between Assignor and Assignee, the terms of which are incorporated herein by reference, that Assignor shall sell, transfer, and assign and set over unto Assignee and Assignee shall accept, all rights, title and interest in and to the Patents as specified in this Agreement. In the event of any conflict between the terms of this Patent Assignment Agreement and the referenced Purchase Agreement, the terms of the Purchase Agreement shall prevail.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, and the covenants and agreements in this Assignment, Assignor and Assignee agree as follows:

1. Assignor does hereby sell, transfer, convey, assign and deliver to Assignee all of Assignor's right, privilege, title and interest in, to and under the Patents and in the case of patent applications in and to any patents that may issue therefrom, including, in all instances, any counterparts of any of the foregoing applications in any jurisdiction throughout the world, and any and all divisions, continuations, reissues or reexaminations of any of the foregoing, and, further, all applications for industrial property protection, including without limitation, all applications for patents, utility models, copyright, and designs which may hereafter be filed for any inventions described in said Patents in any country or countries, together with the right to file such applications and the right to claim for the same the priority rights derived from the inventions and the Patents under the laws of the United States, the International Convention for the Protection of Industrial Property, or any other international agreement or the domestic laws of the country in which any such application is filed, as may be applicable, in each instance the same to be held by Assignee for Assignee's own use and enjoyment, and for the use and enjoyment of Assignee's successors, assigns and other legal representatives, as fully and entirely as the same would have been held and enjoyed by Assignor if this Assignment and sale had not been made; together with all claims for damages, royalties, income or other remuneration (hereinafter "Damages") by reason of past, present and future infringements of the Patents or other rights being assigned hereunder, along with the right to sue for and collect such Damages for the use and benefit of Assignee and its successors, assigns and other legal representatives.

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2. Insofar as this assignment concerns European patents and patent applications, Assignor does hereby declare that it is the owner of said Patents and that Assignor has assigned same, along with all rights and duties appurtenant thereto, to Assignee and agree that the assignment will be recorded in the register with the European Patent Office; and Assignee hereby declares that Assignee has agreed to the assignment of the aforementioned Patents to it and that Assignee will simultaneously apply for recording of the assignment in the register with the European Patent Office.

3. Assignor hereby authorizes and requests the Commissioner for Patents of the United States, and any officer of any country or countries foreign to the United States, whose duty it is to issue patents or other evidence or forms of intellectual property protection or applications as aforesaid, to issue the same to Assignee and its successors, assigns and other legal representatives in accordance with the terms of this instrument.

4. Assignor agrees that, whenever reasonably requested by Assignee, Assignor will execute all papers, take all rightful oaths, and do all acts which may be reasonably necessary for securing and maintaining the Patents in any country and for vesting title thereto in Assignee, its successors, assigns and legal representatives or nominees.

5. Assignor authorizes and empowers Assignee, its successors, assigns and legal representatives or nominees, to invoke and claim for any application for patent or other form of protection for the inventions, the benefit of the right of priority provided by the International Convention for the Protection of Industrial Property, as amended, or by any convention which may henceforth be substituted for it, or any other international agreement or the domestic laws of the country in which any such application is filed, as may be applicable, and to invoke and claim such right of priority without further written or oral authorization from Assignor.

6. Assignor hereby acknowledges and agrees that all of the rights, title and interest in and to the Patents sold, transferred, assigned and set over to Assignee hereunder include all income, royalties, damages and payments now or hereafter due or payable with respect thereto, and all causes of action (whether in law or equity) and the right to sue, counterclaim, and recover for the past, present and future infringement of the rights assigned or to be assigned hereunder.

7. Assignor hereby consents that a copy of this Agreement shall be deemed a full legal and formal equivalent of any assignment, consent to file or like document that may be required in any country for any purpose and more particularly in proof of the right of Assignee or nominee to claim the aforesaid benefit of the right of priority provided by the International Convention for the Protection of Industrial Property, as amended, or by any convention which may henceforth be substituted for it.

[Signature Page Follows]

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

IN WITNESS WHEREOF, the Parties have executed this Assignment on the Effective Date written at _____.

Assignor: _____

By:

Name:

Title:

Assignee:

By:

Name:

Title:

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

EXHIBIT A

TO ASSIGNMENT AGREEMENT

U.S. PATENTS

Title	Patent Number	Issue Date
--------------	----------------------	-------------------

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

EXHIBIT B

TO ASSIGNMENT AGREEMENT

NON-US PATENTS

Title	Patent Number	Issue Date
--------------	----------------------	-------------------

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

EXHIBIT C

TO ASSIGNMENT AGREEMENT

U.S. PATENT APPLICATIONS

Title

Application Number

Filing Date

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

EXHIBIT D

TO ASSIGNMENT AGREEMENT

U.S. PROVISIONAL PATENT APPLICATIONS

Title	Application Number	Filing Date	Inventor(s)
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EXHIBIT E

TO ASSIGNMENT AGREEMENT
NON-U.S. PATENT APPLICATIONS

Title

Application Number

Filing Date

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DOCUMENT REQUEST FORM

_____, 2013

Delphi Technologies, Inc.
5725 Delphi Drive, Troy
MI 48098-2815 USA

Attn: John Carney

Re: Documents related to the Patent Families as Listed on Exhibit A-1 to the Proposed Purchase Agreement between Loopback Technologies, Inc. and Delphi Technologies, Inc.

Dear Mr. Carney:

Reference is made to the proposed purchase agreement (“Agreement”) between Loopback Technologies, Inc. (“Buyer”) and Delphi Technologies, Inc. (“Seller”). Defined terms used in this letter are as defined in the Agreement. Buyer has requested, pursuant to the Agreement that Seller deliver originals of the Documents (or to the extent such originals cannot be provided, true copies thereof) and/or confirm to Buyer that there are no other Documents in the custody or control of Seller, its agents, counsel or related parties.

“Documents” is defined in the Agreement as “all patent prosecution files and all other documents, communications and files (electronic or otherwise) regarding the ownership, prosecution, maintenance and enforcement of the fifteen (15) Patent Families identified in Exhibit A-1 on the Effective Date to the extent the same are in the possession or control of the patent department of Seller, any affiliate of Seller or their respective counsel, agents or related parties, including, but not limited to those documents listed on the Document Request Form attached hereto as Exhibit C.” For purposes of clarification only, and without derogating from the definition set forth in the Agreement, below is a non-exclusive list of documents that fall within this description. Pursuant to the Agreement, Buyer requests that Seller conduct a thorough and diligent search for all Documents in its custody or control, and that of its agents, counsel or related parties, including, but not limited to, such Documents which are listed below.

1. File histories including
 - a. Prosecution file history for the Patent Families listed in Exhibit A-1 of the Agreement (“Patents”), including:
 - i. File histories of any Patent
 - ii. File histories of any parent, child or other related patents/applications (i.e. those that claim priority to any Patent or that any Patent either claims priority to and/or incorporates by reference) – regardless of whether they are listed in the Exhibits to the Agreement and regardless of whether the related patents are abandoned or alive
 - iii. All communications retained in the files with, by and to prosecution counsel or agent with respect to the Patents
 - iv. File-stamped copies of all assignment records for all Patents (including copies of all supporting documentation) to the extent retained in the files
 - b. Any prior art references that have been retained in the files
 - c. Pre-filing documents retained in the files such as:
 - i. Invention disclosure records
 - ii. Inventor notebooks
 - iii. Memos, notes, letters, emails etc. requesting that a patent application be prepared
 - iv. Memos, notes, letters, emails etc. discussing the decision of whether to file a patent application

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- v. Memos, notes, letters, emails etc. discussing or describing any products that the proposed invention relates to
 - vi. Documents, including without limitation any memos, notes, letters, emails, presentations, etc. related to or arising from any efforts to create products based on the proposed inventions, relating to the design, development, marketing, sale, offers for sale, public disclosure, or ownership of the products, the proposed inventions and/or patents, including any agreements with third parties (e.g. joint development (or similar) agreements or non-disclosure agreements).
 - vii. All documents related to the conception, reduction to practice, or development of the invention.
- d. Post-issuance documents such as:
 - i. Ribbon copies of the Patents
 - ii. Certificates of correction and related documents (notes, memos etc related to requests for correction)
 - iii. Re-examinations; reissues; post grant review/challenges
 - iv. Memos regarding payment of maintenance fees and/or annuities (including recommendations of whether or not to pay maintenance fees)
 2. Any agreements granting any rights under the Patents (including without limitation any licenses, releases, covenants not to sue or any other grant or right) related to or arising from the Patents and applications (including the related patents and applications described in 1.a.i.). Without limiting the foregoing, Seller is requested to provide an example, sample or representative agreement reflecting the terms and conditions contained in the "Pre-existing Licenses" including but not limited to those Pre-existing Licenses identified on Exhibit G of the Agreement.
 3. Any documents discussing enforcement, threatened enforcement, investigation of infringement, licensing (including all offers to license), liens or charges, valuation, granting any rights under any of the claims of the acquired patents (including releases, covenants not to sue or any other grant or right) or other monetization related to or arising from the Patents (regardless of whether they are listed in Exhibit I as described in 1.a.ii. above) including:
 - a. Documents that relate in any way to an evaluation of the Patents including without limitation documents that relate to strengths, weaknesses etc of the enforceability and/or validity of the patents, infringement and/or non-infringement of any specific entity or by industries in general
 - b. Documents that relate to the enforceability of the Patents
 - c. Documents that relate to the validity of the Patents
 - d. Documents that either are, or discuss a damages analysis regarding any of the Patents
 4. Any documents related to marking of patented articles including articles made by Seller that were or should have been marked, and marking requirements (including steps taken to enforce marking requirements) in any agreements identified pursuant to request 2 above
 5. Assignments of the Patents (regardless of whether they are listed in Exhibit I as described in 1.a.ii. above)
 6. Any documents relating to governmental incentives or other programs relating to the technology underlying the Patents.
 7. Names of law firms and/or individual lawyers involved in any of the Patents so that the privileged nature of any produced documents can be determined
 8. Documents related to each named inventor of the Patents (redacted as necessary to preserve information of a personal nature not essential to the evaluation of the Patents) including:
 - a. Employment agreements with each inventor
 - b. Patent Assignments signed by each inventor
 - c. Invention Assignments signed by each inventor
 - d. Employment/HR records of each inventor –
 - e. Separation agreements signed by any inventor
 9. A list of any proceedings or actions before any governmental entity (including the United States Patent and Trademark Office or equivalent authority anywhere in the world) in which claims are being or were raised relating to the validity, enforceability, scope, ownership or infringement of any of the Patents

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10. Confirmation in writing that with respect to each Patent, it is currently in compliance with the legal requirements (including payment of filing, examination and maintenance fees and filing of any necessary oaths, proofs of use or other documents) for maintaining, registering, filing, certifying or otherwise perfecting or recording the same with or by such governmental entity, and, if not, the steps required to bring such item into compliance with same.

Seller is further requested to execute the applicable affidavit (either Attachment 1 or 2 hereto) and return the executed copy to Buyer.
Regards,

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

Attachment 1

AFFIDAVIT

Delphi Technologies, Inc. has conducted a thorough and diligent search for all Documents in its custody or control and the custody and control of its agents, counsel and related parties, and hereby delivers those Documents to Buyer. Delphi Technologies, Inc. asserts that to its knowledge, there are no Documents that remain in its custody or control, or in the custody or control of its agents, counsel and/or related parties.

Delphi Technologies, Inc.

A Delaware company

By: _____

Name: John Carney

Title: Vice President

Date: _____

Address:

Delphi Technologies, Inc.

5725 Delphi Drive, Troy

MI 48098-2815 USA

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AFFIDAVIT

Delphi Technologies, Inc. has conducted a thorough and diligent search for all Documents in its custody or control as well as the custody or control of its agents, counsel or related parties, and to its knowledge, confirms no such Documents exist.

Delphi Technologies, Inc.

A Delaware company

By: _____

Name: John Carney

Title: Vice President

Date: _____

Address:

Delphi Technologies, Inc.

5725 Delphi Drive, Troy

MI 48098-2815 USA

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

Exhibit E

INVENTOR AGREEMENT

Name: _____
Address: _____
_____, 2013

Lillian Safran Shaked, Adv.
Shaked & Co. Law Offices
Electra Building
98 Yigal Alon St., 15th Fl.
Tel Aviv 67891, Israel
Tel: +972-3-372-1114
Fax: +972-3-372-1115
Email: lillian@shaked-law.com

Re: Consulting Services for Patents

Dear Sir/Madam:

I am pleased to confirm my engagement by Shaked & Co. Law Offices (the "Firm") in its capacity for one or more of its clients (the "Company") to provide certain consulting services ("the Matter") related to the patents listed on Exhibit A attached hereto ("the Patent(s)"). I understand the identity of the Company, and its interest in the Patent(s), are both highly confidential.

My Services

I understand that you may intend my work, opinions, conclusions and communications to be covered by the attorney-client and work product privileges to the extent provided by law, and I will comply with any requests you make of me that are designed to preserve these privileges. Even in the absence of a specific request, I will take reasonable measures to maintain information relating to the Matter (including this letter) in confidence. Further, if I am contacted by anyone other than the Firm seeking release of such information, I will immediately notify you and cooperate with your instructions. In addition, I understand that you will provide me with instructions regarding any document retention or document production procedures you expect me to follow. I also understand that this agreement will transfer to subsequent counsel in the event that the Firm's relationship with the Company terminates. I will execute any necessary agreement required to affect such transfer.

I will perform those services or tasks you request which are within my scope or practice relating to the Patent(s), in accordance with this letter agreement.

Fees and Expenses

My billing rate is \$100.00 per hour. Prior to commencing any work hereunder, I will prepare a budget for such work, which will be subject to your prior approval. Subject to our agreement on the budget, I will bill on an hourly basis based on the actual hours worked. I will bill you on a monthly basis. My invoices will contain detailed descriptions of the work completed. In addition and subject to your prior approval, out of pocket expenses (including transportation, lodging, meals, communications, supplies, copying, etc.) will be billed at the actual amounts incurred by me and as against presentation of valid receipts therefor.

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General Business Terms

All right, title and interest in any work papers, reports or other documents I prepared in the course of this engagement, will become your sole and exclusive property. I will retain sole and exclusive ownership of all right, title and interest in my work papers, proprietary information, processes, methodologies, know-how and software, provided the same existed prior to the commencement of my engagement hereunder and to anything which I may discover, create or develop during my provision of services that is unrelated to this engagement. To the extent my reports or other documents delivered to you contain my property, I grant you a non-exclusive, royalty-free license to use it in connection with the subject of the engagement. I will fully cooperate with you in order to sign, execute, make and do all such deeds, documents, acts and things as may be required to vest any such ownership rights in your name.

With respect to any information supplied in connection with this engagement and designated by either of us as confidential, or which the other should reasonably believe is confidential based on the subject matter or the circumstances of its disclosure, the other party agrees to protect the confidential information in a reasonable and appropriate manner, and use confidential information only to perform its obligations under this engagement and for no other purpose.

Within 30 days after the conclusion of this engagement, you may request that I (a) return to you all documents or copies of documents that you provided to me as well as work papers, reports or other documents I prepared in the course of this engagement or (b) destroy such materials, as certified to you. If you do not timely request one of these options for disposition of materials, I may elect either option. I will have the right to retain a copy of my reports or work papers for internal use, subject to the confidentiality and non-use provisions set forth above.

This engagement letter constitutes the entire understanding and agreement between us with respect to the services described above, supersedes all prior oral and written communications between us, and may be amended, modified or changed only in writing when signed by both parties.

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

* * * * *

Please indicate your agreement to these terms by signing and returning to me the enclosed copy of this letter. I appreciate the opportunity to be of service to you and look forward to working with you on this project.

Sincerely,

[Name]
[Address]

Acknowledged & Accepted:

By: Lillian Safran Shaked, Adv. for Shaked & Co. Law Offices

Date: _____

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

EXHIBIT A
THE PATENT(S)

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INVENTOR OATH AND DECLARATION

Declaration for Utility and Design Patent Applications

As a below named inventor, I hereby declare that:

Each inventor's residence, mailing address, and citizenship are as stated below next to his or her name.

I believe the inventors named below to be the original and first inventor(s) or original, first, and joint inventor(s) of the subject matter which is claimed and for which a patent is sought on the invention entitled

Insert Title: _____

the application of which is attached hereto unless the following is checked

was filed on _____ as United States Application Number _____ and was filed on _____ as PCT International Application Number _____ and was amended on _____ (if applicable).

The above-identified application was made or authorized to be made by me.

I hereby state that I have reviewed and understand the contents of the above-identified application, including the claim(s), as amended by any amendment specifically referred to above.

I acknowledge the duty to disclose information which is material to patentability as defined in 37 CFR 1.56, including for continuation-in-part applications, material information which became available between the filing date of the prior application and the national or PCT international filing date of the continuation-in-part application.

I hereby acknowledge that any willful false statement made in this declaration is punishable under section 1001 of title 18 by fine or imprisonment of not more than 5 years, or both.

Hereby executed by the undersigned on the date opposite the undersigned name:

Full Name of Sole/First Inventor

Inventor's Signature _____ Date _____

Residence _____ Citizenship _____
(City, State, Country) (Country)

Mailing Address

Full Name of Second/Joint Inventor

Inventor's Signature _____ Date _____

Residence _____ Citizenship _____
(City, State, Country) (Country)

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

Mailing Address

Full Name of Third/Joint Inventor

Inventor's Signature

Date

Residence
(City, State, Country)

Citizenship
(Country)

Mailing Address

Full Name of Fourth/Joint Inventor

Inventor's Signature

Date

Residence
(City, State, Country)

Citizenship
(Country)

Mailing Address

Full Name of Fifth/Joint Inventor

Inventor's Signature

Date

Residence
(City, State, Country)

Citizenship
(Country)

Mailing Address

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

Exhibit G

PREEXISTING LICENSES

*

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

AMENDMENT TO THE PATENT PURCHASE AGREEMENT

This Amendment to Patent Purchase Agreement (the “**Amendment**”) is entered into as of December 16, 2013 (the “**Effective Date**”) by and between Delphi Technologies, Inc., a Delaware corporation, having offices at 5725 Delphi Dr., Troy, MI 48098-2815 (“**Seller**”) and Loopback Technologies, Inc., a Delaware corporation, having offices at 2331 Mill Road, Suite 100, Alexandria, VA 22314 (“**Purchaser**”). Each of Delphi and Loopback is a “**Party**” and together, the “**Parties**.”

WHEREAS, Seller and Purchaser are parties to that certain Patent Purchase Agreement, dated October 31, 2013 (the “**PPA**,” all capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the PPA);

WHEREAS, under the PPA, Seller agreed to sell and Purchaser agreed to purchase all right, title and interest to the Acquisition Patents; and

WHEREAS, Seller and Purchaser have agreed to amend certain commercial terms of the PPA as set forth in more detail herein;

NOW THEREFORE, Seller and Purchaser have agreed to amend the PPA as follows:

1. Section 2.1 shall be stricken and replaced in its entirety with the following:

“2.1 “**Acquisition Patents**” means the Patent Families and Expiring Patent Families listed on Exhibit A-1 hereto, as the same shall be finalized at Closing in accordance with Section 3.3 below.”

2. A new Section 2.8 is added as follows:

“2.8 “**Expiring Patent Families**” means a Patent Family containing one or more Patents set to expire prior to December 31, 2016.”

3. Section 3.1 shall be stricken and replaced in its entirety with the following:

“3.1 As of the Effective Date, (i) Exhibit A-1, Table 1 identifies the Patent Families and (ii) Exhibit A-1, Table 2 identifies the Expiring Patent Families that Purchaser is contemplating acquiring at Closing (as defined below).”

4. Section 3.2 shall be stricken and replaced in its entirety with the following:

“3.2 Document Delivery. As soon as reasonably practicable after the Effective Date, Seller shall send to Purchaser, via Federal Express or other reliable overnight delivery service or by hand delivery, all prosecution files and all other documents, communications and files (electronic or otherwise) regarding the ownership, prosecution, maintenance and enforcement of (i) the Patent Families identified in Exhibit A-1, Table 1 and (ii) the Expiring Patent Families identified in Exhibit A-1, Table 2 on the Effective Date, to the extent the same are in the possession or control of the patent department and legal department of Seller (and any other relevant department of Seller likely to have Documents), any affiliate of Seller or their respective counsel, agents or related parties, including, but not limited to those documents listed on the Document Request Form attached hereto as *Exhibit C* (collectively, the “**Documents**”). At Closing, Seller will certify that it has conducted (or caused to be conducted on its behalf) a commercially reasonable search for any and all Documents related to the Acquisition Patents in the possession or control of the patent department of Seller, any affiliate of Seller or their respective counsel, agents or related parties, has delivered the same to the Purchaser by signing and delivering the affidavit attached to the Document Request Form as Attachment 1 or alternatively, the affidavit attached to the Document Request Form as Attachment 2.”

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

5. Section 3.3 of the PPA shall be stricken and replaced in its entirety with the following:

“3.3 At Closing, Purchaser shall confirm Exhibit A-1 as the final list of Acquisition Patents.”

6. Section 3.4 shall be stricken and replaced in its entirety with the following:

“3.4 Notwithstanding Seller’s delivery obligations under Section 3.2 above, in the event that a Document related to ownership, prosecution, maintenance, prior art, validity or Seller’s enforcement of a Patent is discovered at any time following the Closing that was not provided to Purchaser in accordance with Section 3.2 above or a Document was otherwise knowingly withheld (any such Document, an “**Undisclosed Document**”), Seller will promptly provide to Purchaser the Undisclosed Document; and

(a) To the extent that an Undisclosed Document is material to any of the Acquisition Patents (including but not limited to, the validity or enforceability thereof or chain of title thereto) (each, an “**Impacted Patent**”), in addition to of any other rights or remedies Purchaser may have under law or this Agreement, Purchaser shall be entitled to demand and Seller will promptly pay, a refund of a portion of the Purchase Price for each Impacted Patent as follows: (i) to the extent an Impacted Patent is one of the Patent Families listed on Exhibit A-1, Table 1, the refund amount shall be *for each such Impacted Patent and (ii) to the extent an Impacted Patent is one of the Expiring Patent Families listed on the Exhibit A-1, Table 2, the refund amount shall be * for each such Impacted Patent. Notwithstanding the foregoing, in the event US Patent No. *.

(b) In the event of a refund of a portion of the Purchase Price for an Acquisition Patent is effected, pursuant to Section 3.4(a), Purchaser will assign ownership to Seller of the Acquisition Patents within the pertinent Patent Family. In the event that Purchaser has received any revenues from third parties attributable to such pertinent Patent Family, * of such revenues will be deemed paid on account of that portion of the Purchase Price to be refunded.”

7. Section 4.1 shall be stricken and replaced in its entirety with the following:

“4.1 In addition to all other consideration to which Seller is entitled hereunder, Purchaser shall pay to Seller the sum of * (the “**Purchase Price**”) as consideration for the sale, assignment, transfer and conveyance of the Assigned Patent Rights to Purchaser under this Agreement. Subject to the Closing, the Purchase Price shall be paid on the Closing Date (as defined below).”

8. Section 7.1 shall be stricken and replaced in its entirety by the following:

“7.1 At the Closing, to the extent that there is (i) any amendment or material change to the representations and/or warranties of Seller as provided herein (and any related Exhibits), Seller shall bring down its representations and warranties as of immediately prior to the Closing Date (the “**Bring Down Schedule**”) and deliver such Bring Down Schedule to Purchaser or (ii) no such amendment or material change to the representations and/or warranties of Seller as provided herein, Seller shall provide written confirmation that no such amendments or materials changes so exist (the “**Bring Down Certification**”).”

9. Section 7.2 shall be stricken and replaced in its entirety by the following:

“7.2 Further Assurance and Seller Covenants. At the reasonable request of Purchaser, Seller will execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby, including execution, acknowledgment and recordation of other such papers for fully perfecting and conveying unto Purchaser the benefit of the transactions contemplated hereby. Without limiting the foregoing, Seller will direct its counsel to work cooperatively with Purchaser’s counsel, in a timely manner and, in any event, as soon as practical, as set forth in subsections (a) and (b) below. To induce Seller to enter into this Agreement, Purchaser will conduct its business in accordance with good business practices.”

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

(a) Notwithstanding anything to the contrary herein, in the event that Seller is contacted by any third party or receives any request from a third party (i.e., subpoena, interrogatory, deposition request and the like) for information related to the Acquisition Patents (a “*Third Party Request*” and “*Requested Materials*”, as applicable), Seller shall (i) promptly (and in any event, within forty-eight hours of Seller’s receipt of a Third Party Request, provide Purchaser with a copy of such Third Party Request; (ii) refrain from any discussions with such third party with respect to Purchaser or the Assigned Patent Rights prior to discussing the Third Party Request with Purchaser; (iii) provide Purchaser with a copy of (1) all Requested Materials in the possession of Seller and its agents and (2) a draft of Seller’s proposed response with sufficient time for Purchaser to review and discuss with Seller a revised response prior to the deadline set in the Third Party Request (and in any event, no less than seven (7) days prior to such deadline); and (iv) use all legitimate and legal means available to minimize disclosure to third parties, including without limitation, seek a confidential treatment request or protective order whenever appropriate or available. To the extent that there is any disagreement between Seller and Purchaser as to whether any Requested Materials are privileged or otherwise subject to the common interest doctrine, it is hereby agreed that Purchaser shall have the sole decision making authority with regard to a Third Party Request and the disclosure of any Requested Materials and Seller shall at all times act in accordance with Purchaser’s instructions in such regard. For the avoidance of doubt, Seller shall not disclose any Requested Materials or submit any response to a Third Party Request other than as instructed by Purchaser. Purchaser hereby agrees to indemnify Seller against any monetary sanctions imposed against Seller by a court of competent jurisdiction that are the result of Seller’s compliance with Purchaser’s instructions in connection with a Third Party Request.

(b) Seller hereby consents that any inventors under the Acquisition Patents (including for the avoidance of doubt, any inventors currently employed by Seller) may be retained by Purchaser’s counsel as consultants in accordance with Section 7.3 and further that Seller shall not object to nor impede such inventors, or current and former employees of Seller from being called as witnesses by Purchaser.”

10. Section 10.12 shall be amended to delete the reference to Exhibit A-2 (“Available Patents”).
11. Exhibit A-1 (“Acquisition Patents”) shall be removed in its entirety and shall be replaced by the new Exhibit A-1, attached hereto.
12. Exhibit A-2 (“Available Patents”) shall be removed in its entirety.
13. Exhibit C shall be removed in its entirety and shall be replaced by the new Exhibit C, attached hereto.
14. Exhibit G shall be removed in its entirety and shall be replaced by the new Exhibit G, attached hereto.
15. Except as expressly addressed by this Amendment, all terms and conditions of the PPA shall remain in full force and effect.

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

In Witness Whereof, the Parties have caused this Amendment to be executed effective as of the Effective Date by their respective duly authorized representatives.

DELPHI TECHNOLOGIES, INC.

By: /s/ John Carney

Name: John Carney

Title: Vice President

LOOPBACK TECHNOLOGIES INC.

By: /s/ Doug Croxall

Name: Doug Croxall

Title: CEO

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Exhibit A-1

Acquisition Patents

TABLE 1

Docket No.	App. No.	Patent No.	Patent Title
H-195076	08/762,090	5714927	<i>Method of improving zone of coverage response of automotive radar</i>
H-196686	08/695,814	5999871	<i>Control method for variable level airbag inflation</i>
H-198088	08/868,338	6012007	<i>Occupant detection method and apparatus for air bag system</i>
H-195546	08/566,029	5732375	<i>Method of inhibiting or allowing airbag deployment</i>
H-199337	08/927,588	5801619	<i>Analog signal processing system and decision logic for controlling airbag deployment</i>
H-195425	08/610,021	6175299	<i>Analog signal processing system for determining airbag deployment</i>
H-203655	09/192,523	6219606	<i>Restraint deployment control method having a delayed adaptable deployment threshold</i>
H-204666	09/309,848	6151540	<i>Dynamic occupant position detection system and method for a motor vehicle</i>
DP-307226	09/607,302	6369703	<i>Tire pressure monitor and location identification system</i>
H-301685	09/648,972	6434486	<i>Technique for limiting the range of an object sensing system in a vehicle</i>
H-197550	08/795,999	5954775	<i>Dual rate communication protocol</i>
DP-307541	10/229,832	7178139	<i>Executable file system for an embedded computer</i>
H-306355	10/214,048	6775601	<i>Method and control system for controlling propulsion in a hybrid vehicle</i>

TABLE 2 - Expiring Patents

H-169208	08/208,322	5463374	<i>Method and apparatus for tire pressure monitoring and for shared keyless entry control</i>
H-174858	08/205,464	5418722	<i>SIR deployment method with rough road immunity</i>
H-189703	08/326,899		<i>Method and apparatus for tire pressure monitoring with user activated identification code sign up</i>

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

DOCUMENT REQUEST FORM

_____, 2013

Delphi Technologies, Inc.
5725 Delphi Drive, Troy
MI 48098-2815 USA

Attn: John Carney

Re: Documents related to the Patent Families as Listed on Exhibit A-1 to the Proposed Purchase Agreement between Loopback Technologies, Inc. and Delphi Technologies, Inc.

Dear Mr. Carney:

Reference is made to the proposed purchase agreement (“Agreement”) between Loopback Technologies, Inc. (“Purchaser”) and Delphi Technologies, Inc. (“Seller”). Defined terms used in this letter are as defined in the Agreement. Purchaser has requested, pursuant the Agreement that Seller deliver originals of the Documents (or to the extent such originals cannot be provided, true copies thereof) and/or confirm to Purchaser that there are no other Documents in the custody or control of Seller, its agents, counsel or related parties.

For purposes of clarification only, and without derogating from the definition of Documents set forth in the Agreement, below is a non-exclusive list of documents that fall within this description. Pursuant to the Agreement, Purchaser requests that Seller conduct a thorough and diligent search for all Documents in its custody or control, and that of its agents, counsel or related parties, including, but not limited to, such Documents which are listed below.

1. File histories including
 - a. Prosecution file history for the Patent Families listed in Exhibit A-1 of the Agreement (“Patents”), including:
 - i. File histories of any Patent
 - ii. File histories of any parent, child or other related patents/applications (i.e. those that claim priority to any Patent or that any Patent either claims priority to and/or incorporates by reference) – regardless of whether they are listed in the Exhibits to the Agreement and regardless of whether the related patents are abandoned or alive
 - iii. All communications retained in the files with, by and to prosecution counsel or agent with respect to the Patents
 - iv. File-stamped copies of all assignment records for all Patents (including copies of all supporting documentation) to the extent retained in the files
 - b. Any prior art references that have been retained in the files
 - c. Pre-filing documents retained in the files such as:
 - i. Invention disclosure records
 - ii. Inventor notebooks
 - iii. Memos, notes, letters, emails etc. requesting that a patent application be prepared
 - iv. Memos, notes, letters, emails etc. discussing the decision of whether to file a patent application
 - v. Memos, notes, letters, emails etc. discussing or describing any products that the proposed invention relates to
 - vi. Documents, including without limitation any memos, notes, letters, emails, presentations, etc. related to or arising from any efforts to create products based on the proposed inventions, relating to the design, development, marketing, sale, offers for sale, public disclosure, or ownership of the products, the proposed inventions and/or patents, including any agreements with third parties (e.g. joint development (or similar) agreements or non-disclosure agreements).
 - vii. All documents related to the conception, reduction to practice, or development of the invention.

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- d. Post-issuance documents such as:
 - i. Ribbon copies of the Patents
 - ii. Certificates of correction and related documents (notes, memos etc related to requests for correction)
 - iii. Re-examinations; reissues; post grant review/challenges
 - iv. Memos regarding payment of maintenance fees and/or annuities (including recommendations of whether or not to pay maintenance fees)
2. Any agreements granting any rights under the Patents (including without limitation any licenses, releases, covenants not to sue or any other grant or right) related to or arising from the Patents and applications (including the related patents and applications described in 1.a.i.). Without limiting the foregoing, Seller is requested to provide an example, sample or representative agreement reflecting the terms and conditions contained in the "Pre-existing Licenses" including but not limited to those Pre-existing Licenses identified on Exhibit G of the Agreement.
3. Any documents discussing enforcement, threatened enforcement, investigation of infringement, licensing (including all offers to license), liens or charges, valuation, granting any rights under any of the claims of the acquired patents (including releases, covenants not to sue or any other grant or right) or other monetization related to or arising from the Patents (regardless of whether they are listed in Exhibit I as described in 1.a.ii. above) including:
 - a. Documents that relate in any way to an evaluation of the Patents including without limitation documents that relate to strengths, weaknesses etc of the enforceability and/or validity of the patents, infringement and/or non-infringement of any specific entity or by industries in general
 - b. Documents that relate to the enforceability of the Patents
 - c. Documents that relate to the validity of the Patents
 - d. Documents that either are, or discuss a damages analysis regarding any of the Patents
4. Any documents related to marking of patented articles including articles made by Seller that were or should have been marked, and marking requirements (including steps taken to enforce marking requirements) in any agreements identified pursuant to request 2 above
5. Assignments of the Patents (regardless of whether they are listed in Exhibit I as described in 1.a.ii. above)
6. Any documents relating to governmental incentives or other programs relating to the technology underlying the Patents.
7. Names of law firms and/or individual lawyers involved in any of the Patents so that the privileged nature of any produced documents can be determined
8. Documents related to each named inventor of the Patents (redacted as necessary to preserve information of a personal nature not essential to the evaluation of the Patents) including:
 - a. Employment agreements with each inventor
 - b. Patent Assignments signed by each inventor
 - c. Invention Assignments signed by each inventor
 - d. Employment/HR records of each inventor –
 - e. Separation agreements signed by any inventor
9. A list of any proceedings or actions before any governmental entity (including the United States Patent and Trademark Office or equivalent authority anywhere in the world) in which claims are being or were raised relating to the validity, enforceability, scope, ownership or infringement of any of the Patents
10. Confirmation in writing that with respect to each Patent, it is currently in compliance with the legal requirements (including payment of filing, examination and maintenance fees and filing of any necessary oaths, proofs of use or other documents) for maintaining, registering, filing, certifying or otherwise perfecting or recording the same with or by such governmental entity, and, if not, the steps required to bring such item into compliance with same.

Seller is further requested to execute the applicable affidavit (either Attachment 1 or 2 hereto) and return the executed copy to Purchaser.

Regards,

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

AFFIDAVIT

Delphi Technologies, Inc. has conducted a thorough and diligent search for all Documents related to the Acquisition Patents in its custody or control and the custody and control of its agents, counsel and related parties, and has delivered all such Documents to Purchaser. Delphi Technologies, Inc. asserts that to its knowledge, there are no Documents related to the Acquisition Patents that remain in its custody or control, or in the custody or control of its agents, counsel and/or related parties.

Delphi Technologies, Inc.

A Delaware company

By: _____

Name: John Carney

Title: Vice President

Date: _____

Address:

Delphi Technologies, Inc.

5725 Delphi Drive, Troy

MI 48098-2815 USA

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AFFIDAVIT

Delphi Technologies, Inc. has conducted a thorough and diligent search for all Documents related to the Acquisition Patents in its custody or control as well as the custody or control of its agents, counsel or related parties, and to its knowledge, confirms no such Documents related to the Acquisition Patents exist.

Delphi Technologies, Inc.

A Delaware company

By: _____

Name: John Carney

Title: Vice President

Date: _____

Address:

Delphi Technologies, Inc.

5725 Delphi Drive, Troy

MI 48098-2815 USA

* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

Exhibit G

PREEXISTING LICENSES

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* Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

MARATHON PATENT GROUP, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

Marathon Patent Group, Inc. (the "Company") has adopted the following Code of Business Conduct and Ethics (this "Code") for directors, executive officers and employees of the Company. This Code is intended to focus the directors, executive officers and employees on areas of ethical risk, provide guidance to directors, executive officers and employees to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each director, executive officer and employee must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for directors, executive officers and employees. Directors, executive officers and employees are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

1. Maintain Fiduciary Duties.

Directors and executive officers must be loyal to the Company and must act at all times in the best interest of the Company and its shareholders and subordinate self-interest to the corporate and shareholder good. Directors and executive officers should never use their position to make a personal profit. Directors and executive officers must perform their duties in good faith, with sound business judgment and with the care of a prudent person.

2. Conflict of Interest.

A "conflict of interest" occurs when the private interest of a director, executive officer or employee interferes in any way, or appears to interfere, with the interests of the Company as a whole. Conflicts of interest also arise when a director, executive officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position as a director, executive officer or employee of the Company. Loans to, or guarantees of the obligations of a director, executive officer or employee or of a member of his or her family, may create conflicts of interest.

Directors and executive officers must avoid conflicts of interest with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company must be disclosed immediately to the Chairman of the Board.

This Code does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts from which directors and executive offices must refrain, however, are set out below.

- Relationship of Company with third-parties. Directors, executive officers and employees may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.
- Compensation from non-Company sources. Directors, executive officers and employees may not accept compensation, in any form, for services performed for the Company from any source other than the Company.
- Gifts. Directors, executive officers and employees and members of their families may not offer, give or receive gifts from persons or entities who deal with the Company in those cases where any such gift is being made in order to influence the actions of a director as a member of the Board or the actions of an executive officer as an officer of the Company, or where acceptance of the gifts would create the appearance of a conflict of interest.

3. Corporate Opportunities.

Directors, executive officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors, executive officers and employees are prohibited from: (a) taking for themselves personally opportunities that are discovered through the use of corporate property, information or the director's or executive officer's position; (b) using the Company's property, information, or position for personal gain, or (c) competing with the Company, directly or indirectly, for business opportunities, provided, however, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director, executive officer or employee may do so.

4. Confidentiality.

Directors, executive officers and employees must maintain the confidentiality of information entrusted to them by the Company or its customers, and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, executive officer or employee, except when disclosure is authorized or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

5. Protection and Proper Use of Company Assets.

Directors, executive officers and employees must protect the Company's assets and ensure their efficient use. Theft, loss, misuse, carelessness and waste of assets have a direct impact on the Company's profitability. Directors, executive officers and employees must not use Company time, employees, supplies, equipment, tools, buildings or other assets for personal benefit without prior authorization from the Chairman of the Audit Committee or as part of a compensation or expense reimbursement program available to all directors or executive officers.

6. Fair Dealing.

Directors, executive officers and employees shall deal fairly and directors and executive officers shall oversee fair dealing by employees and officers with the Company's directors, officers, employees, customers, suppliers and competitors. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices.

7. Compliance with Laws, Rules and Regulations.

Directors and executive officers shall comply, and oversee compliance by employees, officers and other directors, with all laws, rules and regulations applicable to the Company, including insider-trading laws. Transactions in Company securities are to be governed by any Company policy relating to insider trading that may be in place.

8. Accuracy of Records.

The integrity, reliability and accuracy in all material respects of the Company's books, records and financial statements is fundamental to the Company's continued and future business success. No director, executive officer or employee may cause the Company to enter into a transaction with the intent to document or record it in a deceptive or unlawful manner. In addition, no director, executive officer, or employee may create any false or artificial documentation or book entry for any transaction entered into by the Company. Similarly, executive officers and employees who have responsibility for accounting and financial reporting matters have a responsibility to accurately record all funds, assets and transactions on the Company's books and records.

9. Quality of Public Disclosures.

The Company is committed to providing its shareholders with information about its financial condition and results of operations as required by the securities laws of the United States. It is the Company's policy that the reports and documents it files with or submits to the Securities and Exchange Commission, and its earnings releases and similar public communications made by the Company, include fair, timely and understandable disclosure. Executive officers and employees who are responsible for these filings and disclosures, including the Company's principal executive, financial and accounting officers, must use reasonable judgment and perform their responsibilities honestly, ethically and objectively in order to ensure that this disclosure policy is fulfilled. The Company's senior management are primarily responsible for monitoring the Company's public disclosure.

10. Waivers and Amendments of the Code of Business Conduct and Ethics.

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes without limitation, for purposes of this Code, the Company's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board of Directors, and (ii) if applicable, such a waiver is promptly disclosed to the Company's shareholders in accordance with applicable United States securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

Any waivers of this Code for the other employees may be made by the Board of Directors, or, if permitted, a committee thereof.

All amendments to this Code must be approved by the Board of Directors or a committee thereof and, if applicable, must be promptly disclosed to the Company's shareholders in accordance with applicable United States securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

11. Encouraging the Reporting of any Illegal or Unethical Behavior.

Directors and executive officers should promote ethical behavior and take steps to ensure the Company (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules or regulations to appropriate personnel; and (c) informs employees that the Company will not permit retaliation for reports made in good faith.

Any executive officer or employee who in good faith reports a suspected violation under this Code by the Company, or its agents acting on behalf of the Company, or who in good faith raises issues or concerns regarding the Company's business or operations, may not be fired, demoted, reprimanded or otherwise harmed for, or because of, the reporting of the suspected violation, issues or concerns, regardless of whether the suspected violation involves the executive officer or employee, the executive officer's or employee's supervisor or senior management of the Company.

In addition, any executive officer or employee who in good faith reports a suspected violation under this Code, which the executive officer or employee reasonably believes constitutes a violation of a federal statute by the Company or its agents acting on behalf of the Company, to a federal regulatory or law enforcement agency, may not be reprimanded, discharged, demoted, suspended, threatened, harassed or in any manner discriminated against in the terms and conditions of the executive officer's or employee's employment for, or because of, the reporting of the suspected violation, regardless of whether the suspected violation involves the executive officer or employee, the executive officer's or employee's supervisor or senior management of the Company.

12. Communication of Code.

All directors, executive officers and employees will be supplied with a copy of this Code upon beginning service at the Company. Updates of this Code will be provided from time to time. A copy of this Code is also available to all directors, executive officers and employees by requesting one from the human resources department or by accessing the Company's website at <http://www.marathonpg.com/>.

13. Failure to Comply; Compliance Procedures.

A failure by any director or executive officer to comply with the laws or regulations governing the Company's business, this Code or any other Company policy or requirement may result in disciplinary action, and, if warranted, legal proceedings.

Directors and executive officers should communicate any suspected violations of this Code promptly to the Chairman of the Audit Committee. The Chairman of our Audit Committee is currently William Rosellini and he can be reached by email at will@roselliniscientific.com. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of this Code.

SUBSIDIARIES OF MARATHON PATENT GROUP, INC.

The following is a list of subsidiaries of Marathon Patent Group, Inc. as of December 31, 2013, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary:

Subsidiary	Jurisdiction of Organization
Bismarck IP Inc.	Delaware
CRFD Research, Inc.	Delaware
Cyberfone Systems, LLC	Texas
E2E Processing, Inc.	Delaware
Hybrid Sequence IP, Inc.	Delaware
Loopback Technologies, Inc.	Delaware
Loopback Technologies II, Inc.	California
Relay IP, Inc.	Delaware
Sampo IP, LLC	Virginia
Signal IP, Inc.	California
Vantage Point Technology, Inc.	Delaware

Certification by Chief Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002

I, Doug Croxall, certify that:

1. I have reviewed this report on Form 10-K in respect of the period covered by this report on Form 10-K of Marathon Patent Group, Inc.;
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 Rules 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 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: March 31, 2014

/s/ Doug Croxall

Doug Croxall
Chief Executive Officer

(Principal Executive Officer)

Certification by Chief Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002

I, Richard Raisig, certify that:

1. I have reviewed this report on Form 10-K in respect of the period covered by this report on Form 10-K of Marathon Patent Group, Inc.;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 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 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: March 31, 2014

/s/ Richard Raisig

Richard Raisig
Chief Financial Officer

(Principal Financial and Accounting 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 Annual Report of Marathon Patent Group, Inc., a Nevada corporation (the "Company"), on Form 10-K for the period ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Doug Croxall, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 31, 2014

/s/ Doug Croxall

Doug Croxall Chief Executive Officer

(Principal 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 Annual Report of Marathon Group, Inc., a Nevada corporation (the "Company"), on Form 10-K for the period ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Raisig, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 31, 2014

/s/ Richard Raisig

Richard Raisig
Chief Financial Officer

(Principal Financial and Accounting Officer)