August 14, 2017

Marathon Patent Group Announces Second Quarter Financial Results

Conference Call Scheduled Today at 4:30 p.m. Eastern Time

LOS ANGELES, CA -- (Marketwired) -- 08/14/17 -- Marathon Patent Group, Inc. (NASDAQ: MARA) ("Marathon" or "Company"), an IP licensing and commercialization company, today announced its operating results for the three months ended ***June 30,*** 2017, as published in its Quarterly Report on Form 10-Q filed today with the Securities and Exchange Commission.

Operating Results for the Quarter Ended June 30, 2017 / Subsequent Events

- Total revenue of $369 thousand and $34.3 million for the three months ended June 30, 2017 and June 30, 2016, respectively.

- Operating loss was approximately $2.9 million (including non-cash expenses) for the three months ended June 30, 2017 compared to operating income of $14.0 million for the three months ended June 30, 2016.

- Our GAAP net loss was $(0.10) per basic and diluted share for the three months ended June 30, 2017, with 22,566,648 weighted average basic and diluted shares outstanding as of June 30, 2017, compared to GAAP income of $0.53 per basic share and $0.49 per diluted share for the three months ended June 30, 2016, with 14,994,697 weighted average basic shares and 16,031,564 weighted average diluted shares outstanding as of June 30, 2016, respectively.

- On a per share basis, our Non-GAAP net loss was $(0.09) per basic and diluted share for the three months ended June 30, 2017, compared to Non-GAAP income of $1.10 per basic share and $1.03 per diluted share for the three months ended June 30, 2016, respectively.

- Marathon entered into an agreement with DBD Credit Funding, LLC. whereby 100% of debt was cancelled, and the Company will receive a 45% residual revenue share once DBD recovers its costs and debt amounts in exchange for the assignment of three of the Company's portfolios to DBD.

Conference Call

Marathon will host a corresponding conference call to discuss the results with Chief Executive Officer Doug Croxall and Chief Financial Officer Frank Knuettel II on Monday August 14, 2017 at 4:30 PM ET/1:30 PM PT. To participate in the conference call, investors

from the U.S. and Canada should dial (877) 407-0792 ten minutes prior to the scheduled start time. International calls should dial (201) 689-8263.

In addition, the call will be broadcast live over the Internet and can be accessed through the Investor Relations section of the Company's website at www.marathonpg.com. The broadcast will be archived online upon completion of the conference call. A telephonic replay of the conference call will also be available until 11:59 p.m. ET on Monday, August 28, 2017 by dialing (844) 512-2921 in the U.S. and Canada and (412) 317-6671 internationally and entering the pin number: 13668206.

About Marathon Patent Group

Marathon is an IP licensing and commercialization company. The Company acquires and manages IP rights from a variety of sources, including large and small corporations, universities and other IP owners. Marathon has a global focus on IP acquisition and management. The Company's commercialization division is focused on the full commercialization lifecycle which includes discovering opportunities, performing due diligence, providing capital, managing development, protecting and developing IP, assisting in execution of the business plan, and realizing shareholder value. To learn more about Marathon Patent Group, visit www.marathonpg.com.

Safe Harbor Statement

Certain statements in this press release constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation those set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), not limited to Risk Factors relating to its patent business contained therein. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.

CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	$ 1,095,721	$ 4,998,314
Accounts receivable - net of allowance for bad debt of $387,976 as of June 30, 2017 and December 31, 2016	116,336	95,069
Bonds posted with courts	375,603	-
Note receivable	588,864	225,982
Prepaid expenses and other current assets, net of discounts of $2,659 for June 30, 2017 and $3,724 for December 31, 2016	128,718	202,067
Total current assets	2,305,242	5,521,432

Other assets:		
Property and equipment, net of accumulated depreciation of $128,718 and $108,407 for June 30, 2017 and December 31, 2016	12,213	28,329
Intangible assets, net of accumulated amortization of $12,691,608 and $11,323,185 for June 30, 2017 and December 31, 2016	11,358,722	12,314,628
Deferred tax assets	-	-
Other non current assets, net of discounts of $0 for June 30, 2017 and $797 for December 31, 2016	200,000	201,203
Goodwill	224,353	222,843
Total other assets	11,795,288	12,767,003
Total Assets	$ 14,100,530	$ 18,288,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 5,294,616	$ 7,217,078
Clouding IP earn out - current portion	81,930	81,930
Notes payable, net of discounts of $503,572 for June 30, 2017 and $852,404 for December 31, 2016	5,622,173	13,162,007
	10,998,719	20,461,015
Long-term liabilities		
Notes Payable, net of discount of $1,302,129 for June 30, 2017 and $57,763 for December 31, 2016	11,499,723	4,670,502
Clouding IP earn out	1,386,203	1,400,082
Deferred tax Liability	-	-
Revenue share liability	1,225,000	1,000,000
Other long term liability	39,853	43,978
Total long-term liabilities	14,150,779	7,114,562
Total liabilities	25,149,498	27,575,577
Stockholders' Deficit:		
Preferred stock Series B, $.0001 par value, 100,000,000 shares authorized: 782,004 issued and outstanding at June 30, 2017 and December 31, 2016	78	78
Common stock, $.0001 par value; 200,000,000 shares authorized; 23,257,472 at June 30, 2017 and 18,552,472 at December 31, 2016	2,326	1,856
Additional paid-in capital	53,950,993	49,877,710
Accumulated other comprehensive (loss)	(933,245)	(1,060,390)
Accumulated deficit	(63,749,987)	(57,942,548)
Total Marathon Patent Group Stockholders' Deficit	(10,729,834)	(9,123,294)
Non-controlling Interests	(319,134)	(163,848)
Total Equity	(11,048,968)	(9,287,142)
Total liabilities and stockholders' equity	$ 14,100,530	$ 18,288,435

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

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

	For The Three Months Ended June 30, 2017	For The Three Months Ended June 30, 2016	For The Six Months Ended June 30, 2017	For The Six Months Ended June 30, 2016
Revenues	$ 368,800	$ 34,349,762	$ 446,937	$ 36,409,438
Expenses				

Cost of revenues	1,024,078	15,467,763	1,479,486	18,107,740
Amortization of patents and website	639,887	1,961,411	1,345,846	3,987,310
Compensation and related taxes	760,542	1,120,924	1,846,088	2,154,270
Consulting fees	85,580	364,836	56,801	645,612
Professional fees	645,144	498,212	1,070,830	903,705
General and administrative	142,281	223,130	386,286	428,513
Goodwill impairment	-	83,000	-	83,000
Patent impairment	-	620,696	-	993,890
Total operating expenses	3,297,512	20,339,972	6,185,337	27,304,040
Operating income (loss) from operations	(2,928,712)	14,009,790	(5,738,400)	9,105,398
Other income (expenses)				
Other income (expense)	913,357	(17,745)	898,532	(31,532)
Foreign exchange gain (loss)	102,913	(69,201)	17,050	(62,223)
Change in fair value adjustment of Clouding IP earn out	-	169,172	13,879	167,830
Warrant income (expense)	208,301	-	(4,907)	-
Interest income	621	931	1,862	1,862
Interest expense	(564,680)	(844,407)	(1,133,499)	(1,851,256)
Total other income (expenses)	660,512	(761,250)	(207,083)	(1,775,319)
Loss before benefit for income taxes	(2,268,200)	13,248,540	(5,945,483)	7,330,079
Income tax expense	(17,242)	(5,345,983)	(17,242)	(3,320,935)
Net income (loss)	(2,285,442)	7,902,557	(5,962,725)	4,009,144
Net loss attributable to non-controlling interests	84,650	3,722	155,286	3,722
Net income (loss) attributable to common shareholders	$ (2,200,792)	$ 7,906,279	$ (5,807,439)	$ 4,012,866
Income (loss) per common share:				
Basic	$ (0.10)	$ 0.53	$ (0.28)	$ 0.27
Fully Diluted	$ (0.10)	$ 0.49	$ (0.28)	$ 0.25
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	22,566,648	14,994,697	20,822,791	14,980,919
Fully Diluted	22,566,648	16,031,564	20,822,791	16,017,786
Net loss	$ (2,200,792)	$ 7,906,279	$ (5,807,439)	$ 4,012,866
Other Comprehensive Loss:				
Unrealized gain (loss) on foreign currency translation	126,062	(150,171)	127,144	97,256
Comprehensive loss	(2,074,730)	7,756,108	(5,680,295)	4,110,122
Less: comprehensive income related to non-controlling interest	84,650	3,722	155,286	3,722
Comprehensive loss attributable to Marathon Patent Group, Inc.	$ (1,990,080)	$ 7,759,830	$ (5,525,009)	$ 4,113,844

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Six Months Ended June 30, 2017	For The Six Months Ended June 30, 2016
Cash flows from operating activities:		
Net loss	$ (5,807,439)	$ 4,012,866
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	948	2,710
Amortization of patents and website	1,345,846	3,987,310
Deferred tax asset	-	3,547,856
Deferred tax liability	-	(275,490)
Impairment of intangible assets	-	993,890
Impairment of goodwill	-	83,000
Stock based compensation	183,356	1,062,200
Stock issued for services	-	136,000
Non-cash interest, discount, and financing costs	59,607	664,182
Change in fair value of Clouding earn out	(13,879)	(167,830)
Allowance for doubtful accounts	-	12,226
Non-controlling interest	(155,286)	(3,722)
Other non-cash adjustments	(120,703)	(104,899)
Changes in operating assets and liabilities		
Accounts receivable	(21,267)	(2,718)
Bonds posted with courts	(375,603)	(518,455)
Prepaid expenses and other assets	(289,533)	165,301
Other non current assets	1,203	-
Accounts payable and accrued expenses	(1,922,462)	(469,660)
Net cash provided by (used) in operating activities	(7,115,212)	13,124,767
Cash flows from investing activities:		
Acquisition of patents	-	(1,150,000)
Purchase of property, equipment, and other intangible assets	(4,194)	(6,291)
Net cash used in investing activities	(4,194)	(1,156,291)
Cash flows from financing activities:		
Payment on note payable in connection with the acquisition of Medtech and Orthophoenix	-	(2,953,779)
Payment on Fortress note payable	-	(3,973,854)
Payment on 3Dnano license note payable	(100,000)	-
Cash received upon issuance of equity (net of issuance costs)	3,753,063	-
Issuance of Warrants	137,334	-
Medtronic note payable	600,000	-
3Dnano convertible notes payable	50,000	-
Payments on Siemen's notes payable	(1,000,000)	-
Payments on notes payable to vendors	(125,000)	-
Payments on notes payable, net	(103,000)	(437,070)
Net cash provided (used in) by financing activities	3,212,397	(7,364,703)
Effect of exchange rate changes on cash	4,416	(145)
Net decrease in cash	(3,902,593)	4,603,628
Cash at beginning of period	4,998,314	2,555,151
Cash at end of period	$ 1,095,721	$ 7,158,779
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		

Interest expense	$ 456,917	1,187,074
Taxes paid	$ 17,242	27,682
Loan fees	$ -	$ -
Cash invested in 3DNano	$ -	$ 115,000
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Revenue share liability incurred in conjunction with note payable	$ 225,000	$ -
Warrant issued in conjunction with common stock issuance	$ 257,957	$ -
Note payable issued in conjunction with the acquisition of Munitech patents	$ -	$ 1,750,000
Convertible debt warrant repricing	$ -	$ 6,425

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

	Non-GAAP Reconciliation			
	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Net income (loss) attributable to Common Shareholders	$ (2,200,792)	$ 7,906,279	$ (5,807,439)	$ 4,012,866
Non-GAAP				
Amortization of intangible assets & depreciation	640,364	1,961,411	1,346,794	3,987,310
Equity-based compensation	141,931	647,764	183,356	1,192,797
Impairment of intangible assets	-	703,696	-	1,076,890
Change in the fair value of the clouding IP liability	-	(169,172)	(13,879)	(167,830)
Warrant < Income > Expense, net	(208,301)	-	4,907	-
Non-cash Other < Income > expense, net	(913,357)	-	(898,532)	-
Non-cash interest expense	449,998	58,492	685,209	664,182
Deferred tax benefit	-	5,345,983	-	3,320,935
Other	1,526	13,284	2,535	14,936
Non-GAAP earnings (loss)	$ (2,088,631)	$ 16,467,737	$ (4,497,049)	$ 14,108,086

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Source: Marathon Patent Group