November 11, 2019

Marathon Patent Group Reports Third Quarter 2019 Financial Results

LAS VEGAS, Nov. 11, 2019 (GLOBE NEWSWIRE) -- Marathon Patent Group, Inc. (NASDAQ:**MARA**) ("Marathon" or "Company"), today reported its operating results for the three and nine months ended September 30, 2019, as published in its Form 10-Q filed on Friday, November 8th with the Securities and Exchange Commission. Of particular note is the increase in our net shareholders' equity on our balance sheet to $3,489,345, well in excess of the $2.5 million minimum requirement under Nasdaq rules.

Operating results for the third quarter ended September 30, 2019, compared to the second quarter ended June 30, 2019.

- Consummated purchase of 6,000 S-9 Bitmain 13.5 TH/s Bitcoin Antminers for $4,086,250 or 2,335,000 shares of its common stock at a price of $1.75 per share increasing shareholder equity expecting to satisfy Nasdaq listing rule Rule 5550(b)(1).

- Net equity in the third quarter improved to $3,489,345 from $1,722,607 in the second quarter, an improvement of over 100%.

- Third quarter 2019 revenues decreased to $321,715 compared to second quarter 2019 revenues of $355,765.

- Operating loss for the third quarter 2019 was $807,859 compared to an operating loss in the second quarter 2019 of 740,597 (inclusive of non-cash expenses)

- GAAP net loss was $(0.12) per basic and diluted share for the third quarter 2019 compared to $(0.09) for the second quarter 2019.

- Net cash used in operating activities in the third quarter was $650,764 compared to $657,972 during the second quarter 2019.

- The Company had approximately $1.3 million of cash and cash equivalents as of September 30, 2019.

Operating Results for the For the Three and Nine Months Ended September 30, 2019 and 2018

- Revenues of $321,716 and $908,175 during the three and nine months ended September 30, 2019 as compared to $338,672 and $1.3 million during the three and nine months ended September 30, 2018.

- operating loss from continuing operations of $807,859 and $2.5 million for the three

and nine months ended September 30, 2019 and operating loss of $1.5 million and $7.7 million for the three and nine months ended September 30, 2018.

- Net loss of $0.8 million and $2.4 million for the three and nine months ended September 30, 2019 and net loss of $1.3 million and $8.4 million for the three and nine months ended September 30, 2018.

Merrick Okamoto, Chief Executive Officer, stated, “While revenues remained relatively consistent with recent quarters, we are pleased to have recently consummated the purchase of 6,000 S-9 Bitmain 13.5 TH/s Bitcoin Antminers positioning us for what we expect to be sizeable growth in both top and bottom line results going forward.

The company began the installation of our 7,200 miners over the last two weeks. We anticipate the completion of the remaining miners over the next 6 to 8 weeks. Once the full deployment is completed, Marathon will have 7,200 miners in production and will increase our HashRate production level nearly seven-fold from 14 PH/s to approximately 100 PH/s, making us one of the largest publicly traded Bitcoin Mining companies in North America.”

Okamoto added, “Importantly, we believe this recent acquisition should evidence compliance with Nasdaq stockholders’ equity requirement for continued listing. We previously reported that on May 21, 2019, we received notice from the Nasdaq Capital Market that the Company had failed to maintain a minimum of $2,500,000 in stockholders’ equity for continued listing as required under Listing Rule 5550(b)(1) as its Form 10-Q for the period ended March 31, 2019 reported stockholders’ equity of $2,158,192. With this transaction, net shareholders’ equity in the third quarter improved to $3,489,345.”

Investor Notice

Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks, uncertainties and forward-looking statements described under "Risk Factors" in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2018. If any of these risks were to occur, our business, financial condition or results of operations would likely suffer. In that event, the value of our securities could decline, and you could lose part or all of your investment. The risks and uncertainties we describe are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In addition, our past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results in the future. See "Safe Harbor" below.

Forward-Looking Statements

Statements made in this press release include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of words such as “may,” “will,” “plan,” “should,” “expect,” “anticipate,” “estimate,” “continue,” or comparable terminology. Such forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate and involve factors that may cause actual results to differ materially from those projected or suggested. Readers are

cautioned not to place undue reliance on these forward-looking statements and are advised to consider the factors listed above together with the additional factors under the heading “Risk Factors” in the Company's Annual Reports on Form 10-K, as may be supplemented or amended by the Company's Quarterly Reports on Form 10-Q. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

CONTACT INFORMATION

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MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 2019	December 31, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,342,985	$ 2,551,171
Digital currencies	2,881	-
Prepaid expenses and other current assets	209,935	464,006
Total current assets	1,555,801	3,015,177
Other assets:		
Property and equipment, net of accumulated depreciation and impairment charges of $4,751,014 and $4,338,931 for September 30, 2019 and December 31, 2018, respectively	4,713,966	1,034,575
Right-of-use assets	318,881	-
Intangible assets, net of accumulated amortization of $118,627 and $65,245 for September 30, 2019 and December 31, 2018, respectively	1,091,373	1,144,755
Total other assets	6,124,220	2,179,330
TOTAL ASSETS	**$ 7,680,021**	**$ 5,194,507**
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,071,621	$ 1,235,444
Mining servers payable	1,852,477	-
Current portion of lease liability	85,689	-
Warrant liability	46,836	39,083
Convertible notes payable	999,106	999,106
Total current liabilities	4,055,729	2,273,633
Long-term liabilities		
Lease liability	134,947	-
Total long-term liabilities	134,947	-
Total liabilities	4,190,676	2,273,633
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, no shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	-	-

Common stock, $0.0001 par value; 200,000,000 shares authorized; 7,703,461 and 6,379,992 issued and outstanding at September 30, 2019 and December 31, 2018, respectively	771	638
Additional paid-in capital	108,394,883	105,461,396
Accumulated other comprehensive loss	(450,719)	(450,719)
Accumulated deficit	(104,455,590)	(102,090,441)
Total stockholders' equity	3,489,345	2,920,874
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 7,680,021**	**$ 5,194,507**

MARATHON PATENT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenues				
Cryptocurrency mining revenue	$ 321,716	$ 338,672	$ 908,175	$ 1,200,171
Other revenue	-	-	-	66,970
Total revenues	321,716	338,672	908,175	1,267,141
Operating costs and expenses				
Cost of revenue	478,811	1,132,570	1,486,039	2,331,909
Compensation and related taxes	409,609	137,338	1,224,900	803,309
Consulting fees	34,000	347,500	84,000	573,286
Professional fees	91,908	126,446	287,282	1,157,246
General and administrative	115,247	89,859	359,319	1,212,469
Break-up fee - issuance of shares to GBV	-	-	-	2,850,000
Total operating expenses	1,129,575	1,833,713	3,441,540	8,928,219
Operating loss	(807,859)	(1,495,041)	(2,533,365)	(7,661,078)
Other income (expenses)				
Other income	300	125,125	181,195	108,670
Foreign exchange loss	-	(8,003)	(11,873)	(31,096)
Realized income (loss) on sale of digital currencies	(11,236)	8,760	13,208	(73,533)
Change in fair value of warrant liability	68,551	45,595	(7,753)	1,593,481
Amortization of debt discount	-	-	-	(2,290,028)
Interest income	8,428	2,553	30,802	2,553
Interest expense	(12,591)	(19,446)	(37,363)	(68,891)
Total other income (expenses)	53,452	154,584	168,216	(758,844)
Net loss	$ (754,407)	$ (1,340,457)	$ (2,365,149)	$ (8,419,922)
Net loss per share, basic and diluted:	$ (0.12)	$ (0.22)	$ (0.37)	$ (1.69)
Weighted average shares outstanding, basic and diluted:	6,372,061	6,080,447	6,353,643	4,973,475
Net loss	$ (754,407)	$ (1,340,457)	$ (2,365,149)	$ (8,419,922)
Other comprehensive income:				
Unrealized gain on foreign currency translation	-	-	-	15
Comprehensive loss attributable to Marathon Patent Group, Inc.	$ (754,407)	$ (1,340,457)	$ (2,365,149)	$ (8,419,907)

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the nine months ended September 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,365,149)	$ (8,419,922)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation	412,083	1,405,147
Amortization of patents and website	53,382	48,222
Realized (gain) loss on sale of digital currencies	(13,208)	73,533
Change in fair value of warrant liability	7,753	(1,593,481)
Stock based compensation	620,030	496,435
Amortization of debt discount	-	2,290,028
Amortization of right-of-use assets	67,602	-
Bad debt allowance	-	6,826
Break-up fee - issuance of shares to GBV	-	2,850,000
Changes in operating assets and liabilities:		
Accounts receivables		(102,098)
Digital currencies	(908,175)	(1,098,073)
Lease liability	(66,707)	-
Litigation liability	-	(2,150,000)
Prepaid expenses and other assets	154,930	(457,329)
Accounts payable and accrued expenses	(163,822)	(631,873)
Net cash used in operating activities	(2,201,281)	(7,282,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of digital currencies	918,502	1,024,540
Acquisition of patents	-	(250,000)
Purchase of property and equipment	(5,224)	(5,251,719)
Net cash provided by (used in) investing activities	913,278	(4,477,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock/At-the-market offering	83,453	-
Offering costs for the issuance of common stock/At-the-market offering	(3,636)	-
Net cash provided by financing activities	79,817	-
Effect of foreign exchange rate changes	-	15
Net decrease in cash and cash equivalents	(1,208,186)	(11,759,749)
Cash and cash equivalents — beginning of period	2,551,171	14,948,529
Cash and cash equivalents — end of period	$ 1,342,985	$ 3,188,780
Supplemental schedule of non-cash investing and financing activities:		
Par value adjustment due to reverse split	$ 1	$ -
Conversion of Series E Preferred Stock to common stock	$ -	$ 551
Common stock issued for acquisition of patents	$ -	$ 960,000
Common stock issued for purchase of assets	$ 2,233,773	$ -
Common stock issued for note conversion	$ -	$ 3,055,588
Restricted stock issuance	$ -	$ 44
Mining servers payable	$ 1,852,477	$ -
Warrants exercised into common shares	$ -	$ 55,791

Source: Marathon Patent Group, Inc.