UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2005

or

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

For the transition period from__________ to __________

Commission File Number 000-31623

SIMPLETECH, INC.

(Exact name of Registrant as specified in its charter)

CALIFORNIA	**33-0399154**
(State or other jurisdiction	**(I.R.S. Employer**

of incorporation or organization)	**Identification No.)**
3001 Daimler Street **Santa Ana, CA** **(Address of principal executive offices)**	**92705-5812** **(Zip Code)**

(949) 476-1180

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 x No ¨

Indicate by check mark whether the registrant is an accelerated filer (as described in Exchange Act Rule 12b-2). Yes ¨ No x

The number of shares outstanding of the registrant s common stock, par value $0.001, as of March 31, 2005 was 45,114,021.

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SIMPLETECH, INC.

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Except as otherwise noted in this report, SimpleTech, the Company, we, us and our collectively refer to SimpleTech, Inc.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SIMPLETECH, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(unaudited)

	March 31, 2005	December 31, 2004
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 67,105	$ 73,346
Marketable securities, held to maturity	2,086	9,972
Accounts receivable, net of allowances of $1,242 at March 31, 2005 and $993 at December 31, 2004	37,978	37,047
Inventory, net	33,552	19,002
Deferred income taxes	1,615	1,515
Other current assets	2,042	2,663
Total current assets	144,378	143,545
Furniture, fixtures and equipment, net	5,754	6,146
Intangible assets	353	373
Deferred income taxes	2,733	3,345
Total assets	$ 153,218	$ 153,409
LIABILITIES AND SHAREHOLDERS EQUITY:		
Current Liabilities:		
Accounts payable	$ 25,637	$ 16,553
Accrued and other liabilities (Note 5)	4,420	5,428
Total liabilities	30,057	21,981
Commitments and contingencies (Note 6)		
Shareholders Equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized, no shares outstanding		
Common stock, $0.001 par value, 100,000,000 shares authorized, 45,114,021 shares issued and outstanding as of March 31, 2005 and 47,450,722 shares issued and outstanding as of December 31, 2004	45	47
Additional paid-in capital	111,892	121,193
Retained earnings	11,224	10,188
Total shareholders equity	123,161	131,428

Total liabilities and shareholders equity	$ 153,218	$ 153,409

See accompanying notes to unaudited consolidated financial statements.

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SIMPLETECH, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended March 31,	
	2005	**2004**
Net revenues	$ 61,247	$ 66,291
Cost of revenues	50,264	54,766
Gross profit	10,983	11,525
Sales and marketing	5,380	5,054
General and administrative	3,078	2,927
Research and development	1,287	844
Total operating expenses	9,745	8,825
Operating income	1,238	2,700
Interest income, net	435	200
Income from continuing operations before provision for income taxes	1,673	2,900
Provision for income taxes	637	1,227
Income from continuing operations	$ 1,036	$ 1,673
Loss from discontinued operations before benefit for income taxes		(2,447)
Benefit for income taxes		(1,073)
Loss from discontinued operations		$ (1,374)
Net income (loss)	$ 1,036	$ 299
Net income (loss) per share:		
Basic:		
Continuing operations	$ 0.02	$ 0.04
Discontinued operations		$ (0.03)
Total	$ 0.02	$ 0.01
Diluted:		
Continuing operations	$ 0.02	$ 0.03
Discontinued operations	$	$ (0.02)

Total	$ 0.02	$ 0.01
Shares used in per share computation:		
Basic	46,599	47,829
Diluted	48,044	50,214

See accompanying notes to unaudited consolidated financial statements.

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SIMPLETECH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2005	**2004**
Cash flow from operating activities:		
Net income (loss)	$ 1,036	$ 299
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	696	892
Gain on sale of furniture, fixtures and equipment	(6)	(21)
Accounts receivable provisions	886	430
Inventory excess and obsolescence expense	44	315
Deferred income taxes	512	(49)
Tax Benefit of Employee Stock Option Exercise	30	64
Change in operating assets and liabilities:		
Accounts receivable	(1,818)	1,081
Inventory	(14,594)	(12,586)
Other current assets	622	686
Accounts payable	9,084	222
Accrued and other liabilities	(1,008)	(401)
Net cash used in operating activities	(4,516)	(9,068)
Cash flows from investing activities:		
Sales (purchases) of marketable securities, net	7,886	(1,608)
Purchase of furniture, fixtures and equipment	(311)	(599)
Proceeds from sale of furniture, fixtures and equipment	33	525
Net cash provided by (used in) investing activities	7,608	(1,682)
Cash flows from financing activities:		
Cost of equity issuance		(34)
Stock Buyback	(9,489)	
Proceeds from issuance of common stock	156	199
Net cash (used in) provided by financing activities	(9,333)	165
Net decrease in cash	(6,241)	(10,585)
Cash and cash equivalents at beginning of period	73,346	30,769
Cash and cash equivalents at end of period	$ 67,105	$ 20,184

See accompanying notes to unaudited consolidated financial statements.

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SIMPLETECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Basis of Presentation

The accompanying interim consolidated financial statements of SimpleTech, Inc., a California corporation (the Company), are unaudited and have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all normal and recurring adjustments considered necessary for a fair statement of the consolidated financial position of the Company at March 31, 2005, the consolidated results of operations for the three months ended March 31, 2005 and 2004, and the consolidated results of cash flows for the three months ended March 31, 2005 and 2004, have been included. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the most recent Annual Report on Form 10-K filed with the SEC. The December 31, 2004 balances reported herein are derived from the audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2004. The results for the interim periods are not necessarily indicative of results to be expected for the full year.

The consolidated financial statements of the Company include the accounts of the Company s subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Note 2 Summary of Significant Accounting Policies

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities (e.g., bad debt reserves and inventory reserves), 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.

Concentrations:

As shown in the table below, customer concentrations of accounts receivable and revenues of greater than 10% were as follows:

For the Three Months Ended March 31,

	2005		2004	
	Accounts Receivable	**Revenues**	**Accounts Receivable**	**Revenues**
Customer A	25%	19%	17%	12%
Customer B	12%	11%		
Customer C	11%	18%	14%	18%

For the three months ended March 31, 2005 and 2004, international sales comprised 13% and 21%, respectively, of the Company s revenues. During these periods, no single foreign country accounted for more than 10% of total revenues. Substantially all of the Company s international sales are export sales, which are shipped from the Company s domestic facility to foreign customers.

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Warranties:

The Company s memory products are generally sold under various limited warranty arrangements, which range from one year to the product s lifetime. Estimated warranty costs are recorded concurrently with the recognition of revenue. The estimated future costs of repair or replacement are immaterial and have approximated management s estimates.

Sales and marketing incentives:

Sales and marketing incentives were offset against revenues or charged to operations in accordance with Emerging Issues Task Force Issue No. 01-09. Sales and marketing incentives amounted to $2.2 million and $1.9 million for the three months ended March 31, 2005 and 2004, respectively, of which $2.0 million and $1.2 million, respectively, were offset against revenues, and $160,000 and $720,000, respectively, were charged as an operating expense.

Shipping and handling costs:

Shipping and handling costs incurred in a sales transaction to ship products to a customer are included in sales and marketing. For the three months ended March 31, 2005 and 2004, shipping and handling costs were approximately $477,000 and $674,000, respectively.

Income taxes:

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized. The provision for income taxes represents the tax payable for the year and the change during the year in deferred income tax assets and liabilities. The difference between the effective tax rate and the statutory rates for the three-month periods ended March 31, 2005 and 2004 reflects the recognition of tax credits related to research and development and enterprise zone hiring credits.

Reclassifications:

Certain reclassifications have been made to prior period amounts to conform with the current period presentation.

Note 3 Net Income (Loss) Per Share

Basic earnings per share is computed by dividing net income (loss) by the weighted average number of shares outstanding. In computing diluted earnings per share, the weighted average number of shares outstanding is adjusted to reflect the potentially dilutive securities. Options to purchase 9,581,744 and 8,895,287 shares of common stock were outstanding at March 31, 2005 and 2004, respectively. For the three months ended March 31, 2005 and 2004, potentially dilutive securities consisted solely of options and resulted in potential common shares of 1,444,610 and 2,384,408, respectively.

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Pursuant to SFAS No. 123, Accounting for Stock-Based Compensation, the Company has elected to continue the intrinsic value method of accounting for stock options granted to employees and directors in accordance with APB Opinion No. 25 and related interpretations in accounting for stock option plans. Had compensation cost been determined based on the fair value at the grant dates for stock options under the Plan consistent with the method promulgated by SFAS No. 123, the Company s net income (loss) for the three months ended March 31, 2005 and 2004, would have resulted in the pro forma amounts below:

	Three Months Ended March 31,	
	2005	2004
	(in thousands, except per share amounts)	
Net income, as reported	$ 1,036	$ 299
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(928)	(1,011)
Pro forma net income (loss)	108	(712)
Income (loss) per share:		
Basic as reported	$ 0.02	$ 0.01
Basic pro forma	$ 0.00	$ (0.01)
Diluted as reported	$ 0.02	$ 0.01
Diluted pro forma	$ 0.00	$ (0.01)

In December 2004, the FASB issued SFAS No. 123(R), Share-Based Payment, which is a revision of SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be valued at fair value on the date of grant, and to be expensed over the applicable vesting period. Pro forma disclosure of the income statement effects of share-based payments is no longer an alternative. In addition, companies must also recognize compensation expense related to any awards that are not fully vested as of the effective date. Compensation expense for the unvested awards will be measured based on the fair value. On April 14, 2005, the U.S. Securities and Exchange Commission adopted a new rule amending the compliance dates for SFAS No. 123(R). In accordance with the new rule, the accounting provisions of SFAS No. 123(R) will be effective for the Company in fiscal 2006. The Company is currently assessing the impact that adoption of this standard will have on its consolidated financial statements; however, the Company has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS 123, as amended.

Note 4 Supplemental Balance Sheet Information

Inventory consists of the following:

(in thousands)	March 31, 2005	December 31, 2004

Raw materials	$ 19,001	$ 12,316
Work-in-progress	1,408	1,541
Finished goods	14,365	6,485
	34,774	20,342
Valuation allowances	(1,222)	(1,340)
Inventory, net	$ 33,552	$ 19,002

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Note 5 Accrued and Other Liabilities

Accrued and other liabilities consisted of the following as of:

(in thousands)	March 31, 2005	December 31, 2004
Payroll costs	$ 2,843	$ 2,837
Marketing	729	1,079
Other	848	1,512
Total	$ 4,420	$ 5,428

Note 6 Commitments and Contingencies

DPAC Technologies, Inc. Patent Infringement

On September 23, 1998, the Company filed a lawsuit against DPAC Technologies, Inc., formerly Dense-Pac Microsystems, Inc. (DPAC), in the United States District Court for the Central District of California for infringement of the Company s IC Tower stacking patent, U.S. Patent No. 5,514,907. On March 29, 2001, the District Court entered final judgment finding DPAC did not infringe the Company s patent and that the Company did not infringe DPAC s patent. The Appeals Court affirmed the final judgment on March 7, 2002. On June 3, 2002, the Company filed a petition for certiorari with the U.S. Supreme Court. On October 7, 2002, the petition to the Supreme Court was granted and the matter was remanded to the Circuit Court of Appeals. DPAC filed a motion for summary affirmance with the Circuit Court of Appeals. The Court of Appeals denied the motion and remanded the matter back to District Court to reconsider the case in light of a recent decision by the U.S. Supreme Court. On September 15, 2003, the District Court re-entered judgment that DPAC does not infringe the Company s patent. Subsequently, the Company filed the appropriate documents to seek review of the last decision.

On March 8, 2004, the Company entered into a confidential settlement agreement whereby it agreed to dismiss with prejudice its appeal of the case. Under the settlement, the Company granted DPAC a paid-up, non-exclusive license under the affected patents. This settlement is a complete and amicable resolution and should not be construed as an admission by any of the parties to this litigation of any wrongdoing.

Lemelson Medical, Education & Research Foundation, LLP Patent Infringement

The Company received notice on November 26, 2001 that the Lemelson Medical, Education & Research Foundation, LLP (Lemelson Foundation) filed a complaint on November 13, 2001 against the Company and other defendants. The complaint was filed in the District Court of Arizona and alleges that the Company s manufacturing processes infringe several patents that the Lemelson Foundation allegedly owns. The complaint also states that these allegedly infringed patents relate to machine vision technology and bar coding technology. On March 7, 2002, the Company was served with the Lemelson Foundation complaint. Thereafter, the case was stayed pending the outcome of related cases against

other parties involving the same patents. Because of the preliminary stage of this case, an estimate of potential damages, if any, would be premature and speculative. The Company believes this lawsuit is without merit and it intends to vigorously defend itself against it.

Staktek Corporation Patent Infringement

On July 30, 2003, the Company filed a lawsuit against Staktek Corporation in the United States District Court for the Central District of California for infringement of its IC Tower stacking patent, U.S. Patent No. Re. 36,916. The Company sought monetary damages in an amount to be stated later, an injunction against further

infringement of its patent, attorneys fees and trebled damages. Staktek answered the complaint denying infringement and alleging that the patent is invalid.

On October 10, 2003, Staktek Group, L.P., a subsidiary of Staktek Corporation, filed a lawsuit against the Company in the United States District Court for the Western District of Texas which alleged that the Company s IC Tower stacking products infringe on Staktek s U.S. patents Nos. 6,025,642 and 6,049,123. Staktek sought a permanent injunction against further infringement of the 642 and 123 patents, monetary damages in an amount to be stated later, interest on damages, costs and attorneys fees and trebled damages.

On March 31, 2004, the Company resolved its two lawsuits with Staktek Group L.P. The parties agreed to a mutual dismissal with prejudice of the intellectual property infringement lawsuits. In settlement of these matters, both parties agreed not to sue each other, its customers, or licensees in the future for patent infringement in connection with making or selling the products related to the lawsuits. Under the terms of the settlement, no money was exchanged, and neither party licensed its technology to the other.

Other Legal Proceedings

The Company is currently not a party to any other material legal proceedings. However, the Company is involved in other suits and claims in the ordinary course of business, and the Company may from time to time become a party to other legal proceedings arising in the ordinary course of business.

Indemnification

The Company has agreements whereby the Company indemnifies its officers and directors over his or her lifetime for certain events or occurrences while the officer or director is, or was serving, at the Company s request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a Director and Officer insurance policy that limits the Company s exposure and should enable the Company to recover a portion of any future amounts paid. As a result of the Company s insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. All of these indemnification agreements were grandfathered under the provisions of FIN No. 45 as they were in effect prior to December 31, 2002. Accordingly, the Company has no liabilities recorded for these agreements as of March 31, 2005.

As is common in the industry, the Company currently has in effect a number of agreements in which the Company has agreed to defend, indemnify and hold harmless certain of its suppliers and customers from damages and costs which may arise from the infringement by the Company s products of third-party patents, trademarks or other proprietary rights. The scope of such indemnity varies, but may, in some instances, include indemnification for damages and expenses, including attorneys fees. The Company s insurance does not cover intellectual property infringement. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of March 31, 2005.

Other Commitments

The Company is subject to repurchase agreements with various financial institutions in connection with wholesale inventory financing. Under these agreements, the Company may be required to repurchase inventory upon customer default with a financing institution and then resell the inventory through normal distribution channels. As of March 31, 2005, the Company has not been required to repurchase inventory in connection with the customer default agreements noted above. However, it may be possible that the Company will be required to repurchase inventory, upon customer default, in the future. Sales under such agreements were approximately $524,000 and $244,000 in the three months ended March 31, 2005 and 2004, respectively.

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Note 7 Segment Information

The Company reports financial results for two reportable operating segments: OEM and Consumer. The Company does not aggregate any operating segments.

The accounting policies for each of the reportable operating segments are the same as those described in Note 2 from the Company s Annual Report on Form 10-K for the year ended December 31, 2004 and reflect the information used by the Company s management to evaluate the performance of its segments. For the OEM and Consumer segments, the Company tracks separately net sales and gross profit, but does not track separately operating expenses. The Company does not maintain separate records to identify assets by operating segment.

Summarized financial information regarding the Company s two reportable segments is shown in the following table:

	Three Months Ended March 31, 2005		
	Consumer	OEM	Consolidated
Net Revenues	$ 34,331	$ 26,916	$ 61,247
Cost of Revenues	29,895	20,369	50,264
Gross Profit	$ 4,436	$ 6,547	10,983
Operating Expenses			9,745
Operating Income			$ 1,238

	Three Months Ended March 31, 2004		
	Consumer	OEM	Consolidated
Net Revenues	$ 38,216	$ 28,075	$ 66,291
Cost of Revenues	31,962	22,804	54,766
Gross Profit	$ 6,254	$ 5,271	11,525
Operating Expenses			8,825
Operating Income *			$ 2,700

* From continuing operations

Note 8 Stock Repurchase

In June 2004, the Company s board of directors authorized the repurchase of up to $15 million of its outstanding common stock from time to time over the next 18 months. The Company repurchased 2,414,964 shares of common stock at an average share price of $3.90, including commissions, in the first quarter of 2005. The Company repurchased 841,509 shares of common stock at an average share price of $3.68, including commissions, in the year 2004. Shares may be purchased from time to time at prevailing market prices through open market or unsolicited negotiated transactions, depending on market conditions and other considerations. There is no guarantee as to the exact number of shares that will be repurchased by the Company, and the Company may discontinue purchases at any time when its management determines that additional purchases are not warranted. Repurchased shares would be returned to the status of authorized but unissued shares of common stock. The Company believes that all funds required for the repurchase of common stock will be obtained from its available cash resources and marketable securities.

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

Cautionary Statement

Certain statements in this report, including statements regarding our strategy, financial performance and revenue sources, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, and are subject to the safe harbors created by those sections. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management s beliefs, and certain assumptions made by us. Such statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. The section entitled Risk Factors set forth in this Form 10-Q and similar discussions in filings with the Securities and Exchange Commission made from time to time, including other quarterly reports on Form 10-Q, our Annual Reports on Form 10-K, and in our other SEC filings, discuss some of the important risk factors that may affect our business, results of operations and financial condition.

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto.

Overview

SimpleTech, Inc. was originally incorporated in California in March 1990 as Simple Technology, Inc. Our name was then changed to SimpleTech, Inc. in May 2001. SimpleTech designs, manufactures and markets custom and open-standard memory and storage solutions based on Flash memory, Dynamic Random Access Memory (DRAM), and hard disk drive (HDD) technologies. Headquartered in Santa Ana, California, we offer a comprehensive line of more than 2,500 products and specialize in developing high-density memory modules, memory cards and storage solutions. One way in which SimpleTech distinguishes itself in the marketplace is by offering Flash, DRAM and HDD-based solutions used by consumer and original equipment manufacturers (OEMs). This allows the company to service a diverse customer base with multiple memory and storage formats thereby enabling customers to purchase all of their memory and storage requirements from one supplier.

In June 2004, we discontinued the operation of our Xiran Division, which was formed in 2002 as a result of our acquisition of the assets of Irvine Networks, LLC.

Over the past several years we have experienced an increase in demand for our Flash products as a result of the growth in consumer electronics and OEM applications, such as the replacement of rotating disk drives with Flash products. Our Flash revenues increased from $24.9 million for the year ended December 31, 1999 to $80.3 million for the year ended December 31, 2003, and then declined to $62.2 million for the year ended December 31, 2004. Our revenues from Flash products in 2004 were negatively impacted by Flash supply constraints and competitive component pricing issues.

In the early part of 2005, we expect to face transitional challenges as we introduce, and some of our customers transition to, our latest generation of stacked and monolithic memory modules. We experienced a 46% sequential decrease in the sales of our stacked memory products in the first quarter of 2005 due primarily from delayed orders related to the process of qualifying some of our latest generation stacked modules with customers as they transition certain of their OEM solutions from PC 2100 to PC 2700 and from DDR I to DDR II technologies. The qualification process has taken longer than expected and although these transitional challenges may impact our second quarter of 2005 results, we believe that

these issues can be resolved by the end of the second quarter of 2005. We expect sales of our stacked memory products to increase once these qualification issues have been resolved.

In 2004, we targeted the following five areas for future revenue growth which we continue to pursue in 2005:

- Continue to develop Flash-based products for military applications;
- Expanding presence in new markets such reduced-sized Flash cards for mobile handsets;
- Targeting new customers for our Value-add OEM DRAM memory solutions;
- Introducing external NAS storage devices in retail stores and for OEMs; and

Expanding our international business in Asia and Europe.

We have begun to execute on some of these initiatives through the launch of our Zeus product line of Flash-based solid state drives for military storage applications in December 2004 and the test marketing of our SimpleShare product line of network attached external storage drives in certain retail channels during the first quarter of 2005.

We do not expect continued pursuit of these initiatives to have a material impact on our quarterly general and administrative and research and development expenses in 2005 compared to our recent quarterly run rates. However, if revenues increase due to the execution of these initiatives, we expect related increases in sales and marketing expenses.

We sell our products through our Consumer Division and OEM Division. Our Consumer Division sells our products through the following channels: VAR, mail order, distributor and mass market retailer. Our OEM Division was created in late 1998 to enhance the marketing of our products to OEMs.

Gross profit as a percentage of revenues for our OEM Division is typically higher than our Consumer Division. We track revenues and gross margins for our Consumer and OEM Divisions. We do not track separately, and do not intend to track separately, operating expenses for our Consumer and OEM Divisions.

Historically, a limited number of customers have accounted for a significant percentage of our revenues. Our ten largest customers accounted for an aggregate of 68.1% of our total revenues in the first quarter of 2005 compared to 59.2% of our total revenues in the first quarter of 2004. Smart Modular, CDW Computer Centers, and Hewlett-Packard accounted for 19.1%, 17.8% and 10.5%, respectively, of our total revenues in the first quarter of 2005. CDW Computer Centers, Micron Semiconductor and Smart Modular accounted for 18.0%, 12.7% and 11.6%, respectively, of our total revenues in the first quarter of 2004. Other than Smart Modular, CDW Computer Centers, Micron Semiconductor and Hewlett-Packard, no other customer accounted for more than 10.0% of our total revenues in the first quarter of 2005 and first quarter of 2004. The composition of our major customer base changes from quarter to quarter as the market demand for our products changes, and we expect this variability will continue in the future. We expect that sales of our products to a limited number of customers will continue to account for a majority of our revenues in the foreseeable future. The loss of, or a significant reduction in purchases by any of our major customers, would harm our business, financial condition and results of operations. See Risk Factors Sales to a limited number of customers represent a significant portion of our revenues, and the loss of any key customer would materially reduce our revenues.

International sales of our products accounted for 12.5% of our revenues in the first quarter of 2005 compared to 21.1% of our revenues in the first quarter of 2004. No foreign geographic area or single foreign country accounted for more than 10.0% of our revenues in the first quarter of 2005 or first quarter of 2004. For each of the first quarters of 2005 and 2004, more than 95.0% of our international sales were denominated in U.S. dollars. In addition, our purchases of DRAM and Flash components are currently denominated in U.S. dollars. However, we do face risks associated with doing business in foreign countries. See Risk Factors We face risks associated with doing business in foreign countries, including foreign currency fluctuations and trade barriers, that could lead to a decrease in demand for our products or an increase in the cost of the components used in our products.

In the past, we have been, and expect to continue to be, impacted by seasonal purchasing patterns resulting in lower sales in the first and second quarters of each year. Other factors, including component price fluctuations, may distort the effect of seasonality. Our ability to adjust our short-term operating expenses in response to fluctuations in revenues is limited. As a result, should revenues decrease to a level lower than expected in any given period, our results of operations would be harmed.

Discontinued Operations of Xiran Division

In June 2004, we discontinued the operation of our Xiran Division, which was formed in 2002 as a result of our acquisition of the assets of Irvine Networks, LLC. The Xiran Division developed advanced board-level solutions that optimized server performance for networked storage applications, including IP storage. In the first half of 2004, the discontinued Xiran Division recorded a $4.1 million operating loss before benefit for income taxes. In addition, we took a pre-tax charge of approximately $3.0 million that included a $1.5 million write-off of inventory, an $802,000 write-off reflecting the net book value of Xiran Division fixed assets that will no longer be used, a $310,000 write-off of the net book value of the intangible asset recorded at the date

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of acquisition, a $173,000 lease impairment charge related to the Xiran Division office space that will no longer be used, $102,000 in severance costs of Xiran Division employees who are no longer employed by us, and approximately $51,000 in other charges. Monthly rent on the Xiran Division office lease, which expires on June 30, 2005, is approximately $22,000. In calculating the lease impairment charge, we reduced the total lease liability by the estimated fair market value of sublease rental income. The closure of the Xiran Division had no impact on net revenues, gross profit or net income in the three months ended March 31, 2005.

Results of Operations Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

Net Revenues. Our revenues were $61.2 million in the first quarter of 2005, compared to $66.3 million in the same period in 2004. Revenues decreased 7.7% in the first quarter of 2005 due to a 19% decrease in average sales price from $75 in the first quarter of 2004 to $61 in the first quarter of 2005, partially offset by a 14% increase in unit shipments. The decrease in our average sales price resulted from a shift in product mix away from our highest average capacity stacking products and a significant decline in DRAM component pricing in the first quarter of 2005 compared to the first quarter of 2004. The mix of products sold varies from quarter to quarter and may vary in the future, affecting our overall average sales prices and gross margins.

Our Consumer Division revenues decreased 10.2% from $38.2 million in the first quarter of 2004 to $34.3 million in the first quarter of 2005. Consumer Division revenues decreased in the first quarter of 2005 due to a 27% decrease in average sales price from $59 in the first quarter of 2004 to $43 in the first quarter of 2005, partially offset by a 21% increase in unit volume. The decrease in Consumer Division average sales price resulted primarily from a significant decrease in the average sales price of our Flash products in the first quarter of 2005 compared to the first quarter of 2004. Average sales price for Flash products decreased due to a significant decline in Flash component pricing in the first quarter of 2005 compared to the first quarter of 2004. Our OEM Division revenues decreased 4.1% from $28.1 million in the first quarter of 2004 to $26.9 million in the first quarter of 2005. The decrease in OEM Division revenues was due to a 6% decrease in OEM Division unit volume in the first quarter of 2005 compared to the first quarter of 2004 partially offset by a 2% increase in OEM Division average sales price from $120 in the first quarter of 2004 to $122 in the first quarter of 2005.

Sales of our products are made under short-term cancelable purchase orders. We include in our backlog only those customer orders for which we have accepted purchase orders and to which we have assigned shipment dates within the upcoming six months. Since orders constituting our backlog are subject to change due to, among other things, customer cancellations and reschedulings, and our ability to procure necessary components, backlog is not necessarily an indication of future revenues. In addition, there can be no assurance that current backlog will necessarily lead to revenues in any future period. Our combined backlog was $14.0 million as of March 31, 2005, compared to $6.8 million as of March 31, 2004. Our Consumer Division backlog was $3.4 million as of March 31, 2005, compared to $1.3 million as of March 31, 2004. Our OEM Division backlog was $10.6 million as of March 31, 2005, compared to $5.5 million as of March 31, 2004. Our ability to predict future sales is limited because a majority of our quarterly product revenues come from orders that are received and fulfilled in the same quarter.

Gross Profit. Our gross profit was $11.0 million in the first quarter of 2005, compared to $11.5 million in the same period in 2004. Gross profit as a percentage of revenues was 18.0% in the first quarter of 2005, compared to 17.3% in the same period in 2004. Gross profit for our Consumer Division as a percentage of Consumer Division revenues was 12.9% in the first quarter of 2005, compared to 16.4% in the first quarter of 2004. Gross profit for our Consumer Division as a percentage of Consumer Division revenues for the first quarter of 2005 was negatively impacted by the significant decline in DRAM component pricing which resulted in a decrease in non-stacked DRAM gross profit. Gross profit for our OEM Division as a percentage of OEM Division revenues was 24.3% in the first quarter of 2005, compared to 18.8% in the first quarter of 2004. This increase in gross profit as a percentage of revenues for our OEM Division resulted primarily from a shift in product mix.

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Sales and Marketing. Sales and marketing expenses are primarily comprised of personnel costs and travel expenses for our domestic and international sales and marketing employees, commissions paid to internal salespersons and independent manufacturers representatives, shipping costs and marketing programs. Sales and marketing expenses were $5.4 million in the first quarter of 2005, compared to $5.1 million in the same period in 2004. Sales and marketing expenses as a percentage of revenue were 8.8% in the first quarter of 2005, compared to 7.7% in the same period in 2004. The increase in sales and marketing expenses as a percentage of revenue was primarily due to negative operating expense leverage on a declining revenue base. We expect our sales and marketing expenses to increase in absolute dollars as our revenues grow.

General and Administrative. General and administrative expenses are primarily comprised of personnel costs for our executive and administrative employees, professional fees and facilities overhead. General and administrative expenses were relatively flat at $3.1 million in our first quarter of 2005, compared to $2.9 million in the first quarter of 2004. General and administrative expenses as a percentage of revenues were 5.1% in the first quarter of 2005 and 4.6% in the first quarter of 2004. The increase in general and administrative expenses as a percentage of revenue was primarily due to negative operating expense leverage on a declining revenue base. We expect our general and administrative expenses to decrease in absolute dollars in the future as we complete the primary phase of our Sarbanes-Oxley Act compliance efforts.

Research and Development. Research and development expenses are comprised primarily of personnel costs for our engineering and design staff and the cost of prototype supplies. Research and development expenses were $1.3 million in the first quarter of 2005, compared to $844,000 in the same period in 2004. Research and development expenses as a percentage of revenues were 2.1% in the first quarter of 2005, compared to 1.3% in the same period in 2004. Research and development expenses increased due to increased payroll costs and Flash and storage product design expenses in the first quarter of 2005 compared to the first quarter of 2004. We expect our research and development expenses to remain relatively flat in absolute dollars in the near future.

Interest Income, Net. Interest income, net was $435,000 in the first quarter of 2005 and $200,000 in the first quarter of 2004. Interest income is comprised of interest earned on our cash, cash equivalents and marketable securities. This increase in interest income resulted primarily from an increase in average cash, cash equivalents and marketable securities balance and higher interest rates in the first quarter of 2005 compared to the first quarter of 2004.

Provision for Income Taxes. Provision for income taxes was $637,000 in the first quarter of 2005. Provision for income taxes from continuing operations was $1.2 million in the first quarter of 2004. As a percentage of income before provision for income taxes, provision for income taxes was 38% in the first quarter of 2005. As a percentage of income from continuing operations before provision for income taxes, provision for income taxes was 42% in the first quarter of 2004. The decrease in the effective tax rate from the first quarter of 2004 to the first quarter of 2005 was primarily due to investing a larger portion of marketable securities in federal tax exempt instruments during the first quarter of 2005.

Net Income. Net income was $1.0 million in the first quarter of 2005. Net income from continuing operations was $1.7 million in the first quarter of 2004.

Discontinued Operations. In June 2004, we discontinued the operation of our Xiran Division. No revenues or operating expenses were recorded in the first quarter of 2005 related to our discontinued Xiran Division. The operating expense figures above do not include operating expenses related to our discontinued Xiran Division during the first quarter of 2004.

Liquidity and Capital Resources

As of March 31, 2005, we had working capital of $114.3 million, including $67.1 million of cash and cash equivalents and $2.0 million in marketable securities, compared to working capital of $121.6 million, including $73.3 million of cash and cash equivalents and $10.0 million in marketable securities as of December 31, 2004. Current assets were 4.8 times current liabilities at March 31, 2005, compared to 6.5 times current liabilities at December 31, 2004.

Net cash used in operating activities was $4.5 million for the first quarter of 2005 and resulted primarily from a $14.6 million increase in inventory, net of reserves, and a $932,000 increase in accounts receivable, net of allowances, offset by a $9.1 million increase in accounts payable. Inventory, net of reserves, increased as a result of increased OEM Division orders, along with the anticipation of the nationwide launch of our external storage product line in the second quarter of 2005.

Net cash provided by investing activities was $7.6 million for the first quarter of 2005, attributable to $7.9 million of redemptions of marketable securities and $311,000 in purchases of furniture, fixtures and equipment. We expect to spend approximately $3.0 to $5.0 million on capital expenditures during the next 24 months, primarily for the purchase of manufacturing, testing and engineering equipment.

Net cash used by financing activities was $9.3 million for the first quarter of 2005 and resulted primarily from the $9.5 million repurchase of our common stock under our stock buy back plan, partially offset by the issuance of common stock for proceeds of $156,000 related to our employee stock purchase plan and stock option exercises.

In June 2004, our board of directors authorized the repurchase of up to $15 million of our outstanding common stock from time to time over the next 18 months. We repurchased 841,509 shares of common stock

at an average share price of $3.68, including commissions, in 2004. We repurchased 2,414,964 shares of common stock at an average share price of $3.90, including commissions, in the first quarter of 2005. Shares may be repurchased from time to time at prevailing market prices through open market or unsolicited negotiated transactions, depending on market conditions and other considerations. There is no guarantee as to the exact number of shares that will be repurchased by us, and we may discontinue purchases at any time when management determines that additional purchases are not warranted. Repurchased shares would be returned to the status of authorized but unissued shares of common stock. We believe that all funds required for the repurchase of common stock will be obtained from our available cash resources and marketable securities.

We believe that our existing assets, cash, cash equivalents and investments on hand, together with cash that we expect to generate from our operations, will be sufficient to meet our capital needs for at least the next twelve months. However, it is possible that we may need or elect to raise additional funds to fund our activities beyond the next year or to consummate acquisitions of other businesses, products or technologies. We could raise such funds by selling more stock to the public or to selected investors, or by borrowing money. In addition, even though we may not need additional funds, we may still elect to sell additional equity securities or obtain credit facilities for other reasons. We cannot assure you that we will be able to obtain additional funds on commercially favorable terms, or at all. If we raise additional funds by issuing additional equity or convertible debt securities, the ownership percentages of existing shareholders would be reduced. In addition, the equity or debt securities that we issue may have rights, preferences or privileges senior to those of the holders of our common stock.

Although we believe we have sufficient capital to fund our activities for at least the next twelve months, our future capital requirements may vary materially from those now planned. The amount of capital that we will need in the future will depend on many factors, including:

- our relationships with suppliers and customers;
- the market acceptance of our products;
- the levels of promotion and advertising that will be required to launch our new products and achieve and maintain a competitive position in the marketplace;
- expansion of our international business, including the opening of offices and facilities in foreign countries;
- price discounts on our products to our customers;
- our pursuit of strategic transactions;
- our business, product, capital expenditure and research and development plans and product and technology roadmaps;
- the levels of inventory and accounts receivable that we maintain;
- our entrance into new markets;

capital improvements to new and existing facilities;

technological advances; and

competitors responses to our products.

Contractual Obligations

There have been no material changes to our Contractual Obligations described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004. We do not have off-balance sheet financing arrangements as of March 31, 2005.

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Inflation

Inflation was not a material factor in either revenue or operating expenses during each of the first quarters of 2005 and 2004.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for each period. The following represents a summary of our critical accounting policies, defined as those policies that we believe are: (a) the most important to the portrayal of our financial condition and results of operations, and (b) that require management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Reserves for inventory excess, obsolescence and lower of market values over costs. We purchase raw materials in quantities that we anticipate will be fully used in the near term. Changes in operating strategy, customer demand and unpredictable fluctuations in market values of raw materials can limit our ability to effectively utilize all of the raw materials purchased and sold through resulting finished goods to customers for a profit. We regularly monitor potential excess, or obsolete, inventory by analyzing the length of time in stock and compare market values to cost. When necessary, we reduce the carrying amount of our inventory to its market value.

Allowances for doubtful accounts and price protection. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We review our allowance for doubtful accounts quarterly and all past due balances over 90 days are reviewed for collectibility. Additionally, we maintain allowances for limited price protection rights for inventories of our products held by our customers as a result of recent sales transactions to them. If we reduce the list price of our products, these customers may receive a credit from us. By monitoring our inventory levels with our customers, we estimate the impact of such pricing changes on a regular basis and adjust our allowances accordingly.

Product returns. We offer a majority of our customers that purchase products through our consumer channels limited rights to return unsold inventory. In addition, while we may not be contractually obligated to accept returned products, we may determine that it is in our best interest to accept returns in order to maintain good relationships with our customers. We provide for estimated future returns of inventory at the time of sale based on historical experience, and actual results have been within our expectations.

Sales and marketing incentives. Sales and marketing incentives were offset against revenues or charged to operations in accordance with Emerging Issues Task Force Issue No. 01-09, EITF 01-09. Sales and marketing incentives amounted to $2.2 million for the first quarter of 2005 and $1.9 million for the first quarter of 2004, respectively, of which $2.0 million and $1.2 million, respectively, were offset against revenues, and $160,000 and $720,000, respectively, were charged as an operating expense.

Consideration generally given by us to a customer is presumed to be a reduction of selling price, and therefore, a reduction of revenue. However, if we receive an identifiable benefit in return for the consideration given to our customer that is sufficiently separable from our sales to that customer, such that we could have paid an independent company to receive that benefit; and we can reasonably estimate the fair value of that benefit, then the consideration is characterized as an expense. We estimate the fair value of the benefits we receive by tracking the advertising done by our customers on our behalf and calculating the value of that advertising using a comparable rate for similar publications.

Income taxes. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. The process incorporates an assessment of the current tax exposure together with temporary differences resulting

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from different treatment of transactions for tax and financial statement purposes. Such differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheet. The recovery of deferred tax assets from future taxable income must be assessed and, to the extent that recovery is not likely, we establish a valuation allowance. Increases in valuation allowances result in the recording of additional tax expense. Further, if our ultimate tax liability differs from the periodic tax provision reflected in the consolidated statements of operations, additional tax expense may be recorded.

Litigation and other contingencies. Management regularly evaluates our exposure to threatened or pending litigation and other business contingencies. Because of the uncertainties related to the amount of loss from litigation and other business contingencies, the recording of losses relating to such exposures requires significant judgment about the potential range of outcomes. As additional information about current or future litigation or other contingencies becomes available, our management will assess whether such information warrants the recording of additional expense relating to our contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable. The results of these estimates 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.

Valuation of long-lived assets. We assess the potential impairment of long-lived tangible and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Changes in our operating strategy can significantly reduce the estimated useful life of such assets.

Risk Factors

This Report contains forward-looking statements based on the current expectations, assumptions, estimates and projections about our industry and us. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of certain factors, as more fully described in this section and elsewhere in this Report. You should carefully consider the following risks before you decide to buy shares of our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties, including those risks set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations above, may also adversely impact and impair our business. If any of the following risks actually occur, our business, results of operations or financial condition would likely suffer. In such case, the trading price of our common stock could decline, and you may lose all or part of the money you paid to buy our stock. We do not undertake to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

We expect our quarterly operating results to fluctuate in future periods, causing our stock price to fluctuate or decline.

Our quarterly operating results have fluctuated in the past, and we believe they will continue to do so in the future. Our future results of operations will depend on many factors including:

Our suppliers production levels for the components used in our products;

Our ability to procure required components or fluctuations in the cost of such components;

Fluctuating market demand for, and changes in the average sales prices of our products;

Changes in our product and revenue mix;

Seasonal purchasing patterns for our products with lower sales generally occurring in the first and second quarters followed by higher sales in the fourth quarter of each year;

Market acceptance of new and enhanced versions of our products;

Expansion of our international business, including the opening of offices and facilities in foreign countries;

The timing of the introduction of new products or components and enhancements to existing products or components by us, our competitors or our suppliers;

Order cancellations, product returns, inventory write-downs, price protections, and rebates;

Manufacturing inefficiencies associated with the start-up of new products and volume production;

Expenses associated with acquisitions;

Our ability to adequately support future rapid growth;

Our ability to absorb manufacturing overhead;

The effects of litigation;

Increases in our sales and marketing expenses in connection with decisions to pursue new product initiatives; and

Expenses associated with the start up of new operations or divisions.

Due to the above and other factors, quarterly revenues and results of operations are difficult to forecast, and period-to-period comparisons of our operating results may not be predictive of future performance. In one or more future quarters, our results of operations may fall below the expectations of securities analysts and investors. In that event, the trading price of our common stock would likely decline. In addition, the trading price of our common stock may fluctuate or decline regardless of our operating performance.

Our dependence on a small number of suppliers for integrated circuit, or IC, devices and inability to obtain a sufficient supply of these components on a timely basis could harm our ability to fulfill orders.

IC devices represent more than 90% of the component costs of our manufactured Flash cards and DRAM modules. We are dependent on a small number of suppliers that supply Flash and DRAM components. We have no long-term DRAM or Flash IC device supply contracts. Some of our competitors have entered into long-term contracts with suppliers that guarantee them a certain allocation of Flash IC devices. We have no assurance that our existing suppliers will agree to supply the quantities of Flash IC devices we may need to meet our production goals. We periodically review opportunities to develop alternative sources for our Flash and DRAM IC device needs. However, our options are very limited because of the small number of memory manufacturers. Our dependence on a small number of suppliers and the lack of any guaranteed sources of supply expose us to several risks, including the inability to obtain an adequate supply of components, price increases, late deliveries and poor component quality. Renesas, Matsushita and Samsung supply substantially all of the IC devices used in our Flash memory products. In addition, Infineon Technologies, Micron Technology and Samsung currently supply a majority of the DRAM IC devices used in our DRAM and IC Tower stacking DRAM memory products. A disruption in or termination of our supply relationship with any of these significant suppliers due to natural disasters or other factors, or our inability to develop relationships with new suppliers, if required, would cause delays, disruptions or reductions in product shipments or require product redesigns which could damage relationships with our customers and negatively affect our

revenues and could increase our costs or the prices of our products. In particular, if our supply relationships with Infineon Technologies, Micron Technology or Samsung are disrupted or terminated, our ability to manufacture and sell our DRAM and Flash products would be harmed and our business would be adversely affected.

Moreover, from time to time, our industry experiences shortages in Flash and DRAM IC devices which have required some vendors to place their customers, ourselves included, on component allocation. This means that while we may have customer orders, we may not be able to obtain the materials that we need to fill those orders in a timely manner or at competitive prices. If we are unable to obtain sufficient Flash IC devices and other components to meet our customers requirements, they may reduce future orders or eliminate us as a supplier and our revenues may decline. Additionally, our reputation could be harmed, we may not be able to replace any lost business with new customers, and we may lose market share to our competitors.

Declines in our average sales prices may result in declines in our revenues and gross profit.

Our average sales prices may decline due to several factors. During the majority of 2001 and 2002, and the first four months of 2003, overcapacity in the DRAM memory component market resulted in significant declines in component prices, which negatively impacted our average sales prices, revenues and gross profit. Declines in semiconductor prices could also affect the valuation of our inventory, which could harm our financial results. During periods of overcapacity, our revenues and gross profit will decline if we do not increase unit sales of existing products or fail to introduce and sell new products in quantities sufficient to offset declines in sales prices. Our efforts to reduce costs and develop new products to offset the impact of further declines in average sales prices may not be successful. Declines in average sales prices would also enable OEMs to pre-install higher capacity base memory into new systems at existing price points, and thereby reduce the demand for our aftermarket memory products.

In addition, the continued transition to smaller design geometries and the use of 300 millimeter wafers by existing memory manufacturers could lead to a significant increase in the worldwide supply of DRAM and Flash components. Increases in the worldwide supply of DRAM and Flash components could also result from manufacturing capacity expansions. If not offset by increases in demand, these increases would likely lead to further declines in the average sales prices of our products and have a material adverse effect on our business and operating results. Furthermore, even if supply remains constant, if demand were to decrease, it would harm our average sales prices.

We are subject to the cyclical nature of the semiconductor industry and any future downturn could adversely affect our business.

The semiconductor industry, including the memory markets in which we compete, is highly cyclical and characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. The industry has experienced significant downturns often connected with, or in anticipation of, maturing product cycles of both semiconductor companies and their customers products and declines in general economic conditions. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average sales prices. Any future downturns could have a material adverse effect on our business and results of operations.

Sales to a limited number of customers represent a significant portion of our revenues, and the loss of any key customer would materially reduce our revenues.

Our dependence on a limited number of customers means that the loss of a major customer or any reduction in orders by a major customer would materially reduce our revenues. Historically, a relatively limited number of customers have accounted for a significant percentage of our revenues. Our ten largest customers accounted for an aggregate of 68.1% of our total revenues in the first quarter of 2005 compared to 59.2% of our total revenues in the first quarter of 2004. Our ten largest Consumer Division customers accounted for an aggregate of 69.3% of our Consumer Division revenues, or 38.8% of our total revenues, in the first quarter of 2005 compared to 62.3% of our Consumer Division revenues, or 35.9% of our total revenues, in the first quarter of 2004. Our largest Consumer Division customer in each of the first quarters of 2005 and 2004, CDW Computer Centers, accounted for 31.8% of our Consumer Division revenues, or 17.8% of our total revenues, for the first quarter of 2005 compared to 31.2% of our Consumer Division revenues, or 18.0% of our total revenues, in the first quarter of 2004. No other Consumer Division customer accounted for more than 10.0% of our total revenues in each of the first quarters of 2005 or 2004.

Our ten largest OEM Division customers accounted for an aggregate of 86.4% of our OEM Division revenues, or 38.0% of our total revenues, in the first quarter of 2005 compared to 82.3% of our OEM Division revenues, or 34.9% of our total revenues, in the first quarter of 2004. Our two largest OEM Division customers in the first quarter of 2005, Smart Modular and Hewlett-Packard, accounted for 43.3% and 18.9%, respectively,

of our OEM Division revenues, or 19.1% and 10.5%, respectively, of our total revenues. Our two largest OEM customers in the first quarter of 2004, Micron Semiconductor and Smart Modular, accounted for 29.9% and 27.4%, respectively, of our OEM Division revenues, or 12.7% and 11.6%,

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respectively, of our total revenues. No other OEM Division customer accounted for more than 10.0% of our total revenues in each of the first quarters of 2005 or 2004.

Consolidation in some of our customers industries may result in increased customer concentration and the potential loss of customers as a result of acquisitions. In addition, the composition of our major customer base changes from quarter to quarter as the market demand for our customers products changes, and we expect this variability to continue in the future. We expect that sales of our products to a limited number of customers will continue to contribute materially to our revenues in the foreseeable future. The loss of, or a significant reduction in purchases by any of our major customers, could harm our business, financial condition and results of operations.

Our ability to use our tax credit carryforwards may be substantially limited, which could harm our financial condition.

We have generated tax credits in recent years, which we are not fully able to utilize at this time. The availability of some of these credit carryforwards is subject to expiration and/or certain limitations. As of March 31, 2005, we had federal research and development credit carryforwards of approximately $1.3 million which begin to expire in 2022. In addition, we had the following state credits as of March 31, 2005: research and development credit carryforwards of approximately $1.9 million, which carryforward indefinitely; enterprise zone credit carryforwards of approximately $2.0 million, which carryforward indefinitely; and manufacturer s investment credit carryforwards of approximately $372,000, which begin to expire in 2009. We are required to periodically review our ability to use our tax credit carryforwards. Such review may result in the limiting of the amount of tax credit carryforwards that can be utilized in the future to offset future tax liabilities. Since the limitation is based on a number of factors, we cannot determine the impact of such a limitation at this time, but if our ability to use tax credit carryforwards were substantially limited, it could harm our financial condition.

New accounting and financial reporting requirements, including new standards that affect how we account for equity compensation, may impact our financial results.

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. These principles are subject to interpretation by the Securities and Exchange Commission and various bodies formed to interpret and create appropriate accounting policies. A change in these policies could significantly impact our reported results and could retroactively affect previously reported transactions.

In addition, there has been an ongoing public debate as to whether employee stock option and employee stock purchase plan shares should be treated as a compensation expense and, if so, how to properly value such charges. We have accounted for employee stock options and employee stock purchase plan shares for financial and accounting purposes under APB Opinion No. 25, which does not count the grant of stock or options as an expense. In December 2004, the Financial Accounting Standards Board issued SFAS No. 123(R) which amended financial accounting standards and will require that awards under such plans be treated as compensation expense using the fair value method. On April 14, 2005, the U.S. Securities and Exchange Commission adopted a new rule amending the compliance dates for SFAS No. 123(R). In accordance with the new rule, the accounting provisions of SFAS No. 123(R) will be effective in fiscal 2006. Although management is continuing to assess the implications of this revised standard, we believe this revised standard will likely significantly increase our compensation expense, could make our operating results less predictable and could change the way we compensate our employees or cause other changes in the way we conduct our business.

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Failure to maintain effective internal control over financial reporting could result in a negative market reaction.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we undertake a thorough re-examination of our internal control systems and procedures for financial reporting. We also are required to completely document and test those systems. Ultimately, our management will be responsible for assessing the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm will be requested to attest to that report. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations since there is no precedent available by which to measure compliance adequacy.

If we identify one or more material weaknesses in our internal control over financial reporting, our management will be unable to assert such internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to attest that our management s report is fairly stated or they are unable to express an opinion on the effectiveness of our internal controls, it could result in a negative market reaction.

We expect our expenses in each of these areas to continue to increase during fiscal 2015 and beyond as we expand our operations and begin generating additional revenues under our current business. However, we are unable at this time to estimate the amount of the expected increases.

Total Other Income (Expense). Our total other income, net were $7,325 and $6,270 during the years ended December 31, 2014 and 2013 respectively, an increase of $1,055 or 16.8%.   The increase is primarily attributed to the increase recognized due to exchange rate variances offset by a decrease in interest expense.

Net Income

We recorded net income before income tax of $13,265 for the year ended December 31, 2014 as compared to $15,751 for the year ended December 31, 2013. We recorded net income of $6,492 for the year ended December 31, 2014 as compared to $9,652 for the year ended December 31, 2013. The decrease is a result of the factors described above.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At December 31, 2014, we had a cash balance of $65,892. Our working capital deficit is approximately $4,000 at December 31, 2014.

Our current assets at December 31, 2014 increased by approximately 44.7% from December 31, 2013 and included accounts receivable and inventory.

Our current liabilities at December 31, 2014 increased by 48.0% from December 31, 2013 and included our accounts payable and deferred revenue in the ordinary course of our business.

Operating Activities

Net cash flows provided by operating activities for the year ended December 31, 2014 amounted to $21,863 and were primarily attributable to our net income of $6,492 , depreciation expense of $20,602, increase in accounts payable and

deferred revenue totaling $125,838 and off set by increase in accounts receivable, inventory, unbilled revenues, and other current assets for a total of $131,069.

Net cash flows provided by operating activities for the year ended December 31, 2013 amounted to $45,941 and were primarily attributable to our net income of $9,652 ,depreciation expense of $18,031, increase in accounts payable and deferred revenue totaling $63,774 and decrease in accounts receivable $27,456 and off set by increase in inventory, unbilled revenues, and other current assets for a total of $59,122 and decrease in excess of payment over bank balance of $13,850.

Investing Activities

Net cash flows used in investing activities were $31,635 and $33,612 for the year ended December 31, 2014 and 2013, respectively. We acquired additional property and equipment during 2014 and 2013.

Financing Activities

Net cash flows used in financing activities were $31 for the year ended December 31, 2014 and provided by were $55,835 for the year ended December 31, 2013. During the year ended December 31, 2014, we received proceeds from a related party for a loan of $4,267 and repaid a loan from an unrelated party totaling $4,298.

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity.

Interests in the Revenue Sales and Cost of Sales of the Satellite Airtime and Trackers Acquired by the Company from Global Telesat Corp. on December 10, 2014

Overview and Recent History

On December 10, 2014, the Company purchased from Global Telesat Corp., a Virginia corporation ("GTC") certain assets related to GTC's contracts with Globalstar, Inc. and Globalstar LLC (the "Globalstar Contracts") for a purchase price of $250,000 pursuant to an asset purchase agreement (the "Asset Purchase Agreement") by and among the Company, its wholly owned subsidiary Orbital Satcom Corp., a Nevada corporation ("Orbital Sub"), GTC and GTC's sole owner World Surveillance Group, Inc., a Delaware corporation ("World", and, together with the Company, GTC and Orbital Sub, the "Parties"). On December 10, 2014, the Company, Orbital Sub, GTC and World entered into the License Agreement pursuant to which GTC granted to Orbital Sub a fully-paid and irrevocable non-exclusive license to use the appliques described in, purchased or procured pursuant to the Globalstar Contracts (the "Globalstar Appliques"). The accompanying financial statements represent the interests in the revenue sales and cost of sales of the satellite airtime and trackers acquired by the Company from GTC on December 10, 2014.

The statements of revenue sales and cost of sales have been derived from the Company's historical financial records and prepared on the accrual basis of accounting. Sales and cost of sales relate to the historical sales and costs of sales of GTC for the years ended September 30, 2014 and 2013, respectively. The revenues are recognized on the sales method when the product is sold or service rendered to a purchaser at a fixed or determinable price, when delivery has occurred or service has been provided and, and if collectability of the revenue is probable.

The statements of revenue sales and cost of sales are not indicative of the financial condition or results of operations of the Company Great West going forward due to the omission of various operating expenses. Certain costs, such as depreciation and amortization, payroll, general and administrative expenses and interest expense were not allocated.

Historical financial statements reflecting financial position, results of operations and cash flows required by accounting principles generally accepted in the United States of America are not presented as such information is not available, nor is it practicable to obtain such information in these circumstances. Historically, no allocation of general and administrative, interest expense, corporate taxes, accretion of asset retirement obligations, and depreciation, depletion and amortization was made. Accordingly, the statements of sales and cost of sales are presented in lieu of the financial statements required under Rule 3-01 and Rule 3-02 of the Securities and Exchange Commission's Regulation S-X.

The Business

Following consummation of the Asset Purchase Agreement and License Agreement the Company provides mobile voice and data communications services globally via satellite to the U.S. government, defense industry and commercial users. The Company specializes in services related to the Globalstar satellite constellation, including satellite telecommunications voice airtime, tracking devices and services, and ground station construction. The Company plans to create an e-commerce mobile satellite solutions portal and to seek to qualify as an authorized reseller of satellite telecommunications equipment and services offered by leading satellite network providers such as Globalstar, Inmarsat, Iridium, Globalstar and Thuraya.

Current Focus and Plan of Operation

Following consummation of the Asset Purchase Agreement and License Agreement we provide mobile voice and data communications services globally via satellite to the U.S. government, defense industry and commercial users. We specialize in services related to the Globalstar satellite constellation, including satellite telecommunications voice airtime, tracking devices and services, and ground station construction.

Related Party Transactions

During the years ended September 30, 2014 and 2013, $3,185 and $8,760, respectively, of the revenues received in connection with the Globalstar Contracts were received from a company associated with our consultant David Phipps, Mr. Phipps was an officer of GTC and an officer and sole owner of such related party.

During the years ended September 30, 2014 and 2013, $3,477 and $8,790 respectively, of the expenses incurred in connection with the Globalstar Contracts were incurred in connection with GTC's transactions with Mr. Phipps' company.

Results of Operations For The Year Ended September 30, 2014 and 2013

The Globalstar Contracts generated revenues from operations in the amount of $343,734 for the year ended September 30, 2014 and $ 90,154 for the year ended September 30, 2013, an increase of $253,580 or 74%.

The increase in revenues was primarily due to increases in sales of our satellite tracking devices.

The Globalstar Contracts generated direct operating costs of $97,691 for the year ended September 30, 2014 as compared to $22,849for the year ended September 30, 2013, an increase of $74,842 or 328%.

This increase was primarily attributable to increased marketing, promotional and website-related expenses.

Liquidity and Capital Resources

The total cash and cash equivalents relating to the Globalstar Contracts as of September 30, 2014 was nil. In addition, there were no assets or liabilities as of September 30, 2014

We will need to raise capital to implement our business plan and continue operations for any length of time. We are seeking alternative sources of financing, through private placement of securities and loans from our shareholders in order for us to maintain our operations. We cannot guarantee that we will be successful in raising additional cash resources for our operations nor that the financing will not be dilutive to existing shareholders.

Critical Accounting Policies

Our 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. In consultation with our Board of Directors, we have identified several accounting principles that we believe are key to the understanding of our financial statements. These important accounting policies require management’s most difficult, subjective judgments.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

ASC 605-10 incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arraignments ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing 605-25 on the Company's financial position and results of operations was not significant.

Accounting for Stock-Based Compensation

We account for stock, stock options and warrants using the fair value method promulgated by Accounting Standards Codification subtopic 480-10, Distinguishing Liabilities from Equity ("ASC 480-10") which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services. Therefore, our results include non-cash compensation expense as a result of the issuance of stock, stock options and warrants and we expect to record additional non-cash compensation expense in the future.

We follow Accounting Standards Codification subtopic 718-10, Compensation ("ASC 718-10") which requires that all share-based payments to both employees and non-employees be recognized in the income statement based on their fair values.

Off Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Recently Issued Accounting Pronouncements

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

Inflation

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

Business

Corporate History

On January 22, 2015, the Company changed its name to "Orbital Tracking Corp." from "Great West Resources, Inc." pursuant to a merger with a newly-formed wholly owned subsidiary.

On March 28, 2014, the Company merged with a newly-formed wholly-owned subsidiary of the Company solely for the purpose of changing its state of incorporation to Nevada from Delaware, effecting a 1:150 reverse split of its common stock, and changing its name to Great West Resources, Inc. in connection with the plans to enter into the business of potash mining and exploration. During late 2014 the Company abandoned its efforts to enter the potash business.

The Company was originally incorporated in 1997 as a Florida corporation. On April 21, 2010, the Company merged with and into a newly-formed wholly-owned subsidiary for the purpose of changing its state of incorporation to Delaware, effecting a 2:1 forward split of its common stock, and changing its name to EClips Media Technologies, Inc. On April 25, 2011, the Company changed its name to "Silver Horn Mining Ltd." pursuant to a merger with a newly-formed wholly-owned subsidiary.

Global Telesat Communications Limited ("GTCL") was formed under the laws of England and Wales in 2008. On February 19, 2015, the Company entered into a share exchange agreement with GTCL and all of the holders of the outstanding equity of GTCL pursuant to which GTCL became a wholly owned subsidiary of the Company.

Our Current Business

The Company is a provider of satellite based hardware, airtime and related services both in the United States and internationally. We sell equipment and airtime for use on all of the major satellite networks including Globalstar, Inmarsat, Iridium and Thuraya and operate a short-term rental service for customers who desire to use our equipment for a limited time period. Our acquisition of GTCL in February 2015 expanded our global satellite based infrastructure and business, which was first launched in December 2014 through the purchase of certain contracts.

Through GTCL, we believe we are one of the largest providers in Europe of retail satellite based hardware, airtime and services through various ecommerce storefronts, and one of the largest providers of personal satellite tracking devices. Our customers include businesses, the U.S. and foreign governments, non-governmental organizations and private consumers. By enabling wireless communications in areas not served or underserved by terrestrial wireless and wireline networks and in circumstances where terrestrial networks are not operational due to natural or man-made disasters, we seek to meet our customers' increasing desire for connectivity. Our principal focus is on growing our existing satellite based hardware, airtime and related services business line and developing our own tracking devices for use by retail customers worldwide.

We launched our e-commerce website under the "Orbital Satcom" name offering a range of portable satellite voice, data and tracking solutions, known as Mobile Satellite Services or MSS, in March 2015. We expended approximately $12,000 in connection with the launch. The website will offer a range of more than 300 satellite communications related products which will be available for purchase by customers from all over the world. We currently operate websites that offer the same products under the GTCL name for customers anywhere in the world. In the first half of 2015 we plan to develop additional country-specific websites or offer translation options on our existing websites to target customers in South America, Asia and Europe where we anticipate there will be substantial demand for our products.

MSS Products

Our MSS products include handheld satellite phones, personal and asset tracking devices, portable high speed broadband terminals and satellite Wi-Fi hotspots, all of which work virtually anywhere in the world. These devices rely on satellite networks and thus are not reliant on cell towers or other local infrastructure. As a result, satellite phones and these other MSS solutions are suitable for recreational travelers and adventurers, government and military users, and corporations and individuals in the event of an emergency such as a power outage, hurricane or other natural disaster during which regular cell phone, telephone and internet service may not be available. We purchase these products directly from the manufacturers and sell them directly to end users.

Satellite Telecommunications Services

As a result of the purchase of the contracts from Global Telesat Corp. ("GTC") in December 2014, we commenced providing mobile voice and data communications services globally via satellite over Globalstar's satellite based simplex data network. We provide this service through our Orbital Satcom subsidiary. Our rights under the purchased contracts allow us to have preferred pricing arrangements with Globalstar for each account used during the term of contracts. We then offer our customers a range of pay-as-you-go and monthly fee satellite communications airtime options.

The simplex service is a one-way burst data transmission from a commercial simplex device over the Globalstar network that can be used to track and monitor assets. We can use each simplex or one-way transmission account to transmit an unlimited number of locational or status messages from tracking devices used anywhere within the Globalstar simplex coverage area. At the heart of the simplex service is a demodulator and RF interface, called an applique, which is located at a gateway and an application server located in Globalstar's facilities. The applique-equipped gateways provide coverage over vast areas of the globe. The server receives and collates messages from all simplex devices transmitting over the Globalstar network. Simplex devices consist of a telemetry unit, an application specific sensor, a battery and optional global positioning functionality. The small size of the devices makes them attractive for use in tracking asset shipments, monitoring unattended remote assets, trailer tracking and mobile security.

Aside from providing services over Globalstar's simplex data network, we are, through GTCL and Orbital Satcom, an authorized reseller of Globalstar's two-way voice and data transmissions service, called the duplex service, and simplex and duplex satellite telecommunications services offered by other leading networks such as Iridium, Inmarsat and Thuraya. We offer a range of pay-as-you-go and monthly fee satellite communications airtime options from these network providers. We typically pay the network providers a monthly access fee per subscriber, as well as usage fees for airtime minutes used by our subscribers. This is a rapidly growing market and we believe we are well positioned to take advantage of this growth. Our customers are in industries such as maritime, aviation, government/military, emergency/humanitarian services, mining, forestry, oil and gas, heavy equipment, transportation and utilities as well as recreational users. We are focused on growing and diversifying our customer base beyond US government customers and making maximum use of our preferred pricing arrangements with Globalstar to generate increased revenue.

Amazon.com Storefronts

We also intend to continue to make portable satellite voice, data and tracking solutions easier to find and buy online through our Amazon storefront at www.amazon.com/shops/orbitalsatcom, with many products offered by us being fulfilled by Amazon from their various warehouses in the US. A wide range of satellite communications products are available for purchase on Amazon and we believe we will be able to offer competitive pricing on all products offered on the site. We currently have more than 130 products available for purchase and will be increasing this number over the coming months. The products include handheld satellite phones, personal and asset tracking devices, portable high speed broadband terminals, and satellite Wi-Fi hotspots. We expect to spend approximately $25,000 to $30,000 per month to acquire inventory to fulfill customer orders. We also have Amazon storefronts targeted to customers in the United Kingdom, France, Germany, Spain and Italy. In the coming weeks we expect to open stores specifically targeted to Amazon customers in Canada and Japan. All orders will be fulfilled directly by Amazon through its global fulfillment centers. We expect to spend a total of $5,000 to develop these Amazon stores and initially approximately $100,000 to acquire inventory to fulfill customer orders.

Mapping and Tracking Portal

Our advanced mapping and tracking portal, www.orbitaltrack.com, has already been developed and is available for use by registered customers. OrbitalTrack displays real-time worldwide asset location reports including position, speed, altitude and heading and also provides past location and movement history reports on a wide range of tracking devices. OrbitalTrack is available to all of our customers to monitor their assets and we intend to aggressively pursue new customers for this application. Expected costs related to the portal are approximately $5,000.

Proprietary Satellite Tracking Products

We intend to develop our own satellite tracking products by the end of 2015. We have identified a specific product, known as a dual-mode asset tracker, and have entered into a binding agreement for the purchase of related intellectual property and the development, certification and subsequent marketing of dual-mode asset trackers to existing and potential customers. The dual-mode asset tracker operates through traditional cellular networks in populated areas such as cities, and then automatically switches to satellite mode when used in remote areas where there is no cellular coverage, including oceans and deserts. Many of our target customers for this product use cellular-only trackers which will not work in remote areas whereas other target customers use satellite-only trackers which do not work very well in urban areas as they need clear line of sight to the sky. We anticipate that we will be able to develop and certify the new dual-mode tracker for approximately $50,000 to $75,000 and believe there is strong customer demand based on existing customer requests.

We also intend to develop additional personal and asset tracking products suitable for government and recreational users. Users of these devices will be able to see the location and movements of their devices through our OrbitalTrack portal. Anticipated costs for completion are approximately $75,000 to $100,000. These products will operate on the Iridium, Inmarsat, Globalstar and Thuraya satellite networks.

Industry and Market

We compete in the mobile satellite products and services sector of the global communications industry. The products and airtime that we sell are intended to meet users' needs for connectivity in all locations where existing terrestrial wireline and wireless communications networks do not exist, do not provide sufficient coverage, or are impaired. Government organizations, including military and intelligence agencies and disaster response agencies, non-governmental organizations and industrial operations and support teams depend on mobile voice and data satellite communications products and services on a regular basis. Businesses with global operations require reliable communications services when operating in remote locations around the world. Mobile satellite services users span many sectors, including emergency services, maritime, aviation, government, utilities, oil and gas, mining, recreation, forestry, heavy equipment, construction, and transportation, among others. Many of our customers view satellite communications products and services as critical to their daily operations.

There is an existing, and we believe significantly growing, multi-billion dollar global market for a small and cost effective solution for receiving and processing mobile voice and data communications from remote locations used in applications such as tracking vehicles or asset shipments, monitoring unattended remote assets or mobile security. Over the past two decades, the global mobile satellite services market has experienced significant growth. Increasingly, better-tailored, improved-technology products and services are creating new channels of demand for mobile satellite services. Growth in demand for mobile satellite voice services is driven by the declining cost of these services, the diminishing size and lower costs of the devices, as well as heightened demand by governments, businesses and individuals for ubiquitous global voice and data coverage. We believe our solutions are ideally suited for industries such as maritime, aviation, government/military, emergency/humanitarian services, mining, forestry, oil and gas, heavy equipment, transportation and utilities, as well as recreational users. We do not tailor our products and

services to different types of customers as in our experience military, non-profit, government and recreational users tend to purchase the same types of products and services.

Competition

The competitors for our satellite telecommunications services and products are other leading satellite networks such as Iridium, Inmarsat, Thuraya and Globalstar, and their various resellers such as Network Innovations, Applied Satellite Technology (AST) and Satcom Global. We expect the competition for our satellite telecommunications services and our satellite tracking and monitoring services to increase significantly as the market demand accelerates. We believe that we will be well positioned to compete for the satellite telecommunications services business largely on a cost basis. We believe that we will be able to charge our customers lower prices for satellite airtime than our competitors due to the preferential pricing we have with Globalstar due to the Globalstar agreements. We believe that we will be able to compete in the MSS market due to our competitive pricing, varied products and easy to use website and Amazon storefront.

Intellectual Property

Our success and ability to compete depends in part on our ability to maintain our trade secrets. All of our employees and consultants are subject to non-disclosure agreements and other contractual provisions to establish and maintain our proprietary rights. In connection with the purchase of the contracts from GTC and related agreements, GTC and its parent World Surveillance Group, Inc. agreed to keep confidential certain information. In February 2015 we purchased certain software, including source code and executable code, and electronic files required for the development of dual mode trackers.

Research and Development

We spent $0 in the fiscal years ending December 31, 2013 and December 31, 2014 on research and development.

Regulatory Matters

Government contract laws and regulations affect how we will do business with our customers, and in some instances, will impose added costs on our business. A violation of specific laws and regulations could result in the imposition of fines and penalties, the termination of any then existing contracts or the inability to bid on future contracts. We intend our Orbital Sub to become qualified as a government contractor.

International sales of our products may also be subject to U.S. and foreign laws, regulations and policies like the United States Department of State restrictions on the transfer of technology, International Traffic in Arms Regulation ("ITAR") and other export laws and regulations and may be subject to first obtaining licenses, clearances or authorizations from various regulatory entities. This may limit our ability to sell our products abroad and the failure to comply with any of these regulations could adversely affect our ability to conduct our business and generate revenues as well as increasing our operating costs. Our products may also be subject to regulation by the National Telecommunications and Information Administration and the Federal Communications Commission that regulate wireless communications.

Sources and Availability of Components

Certain materials and equipment for our products are custom made for those products and are dependent upon either a single or limited number of suppliers. Failure of a supplier could cause delays in delivery of the products if another supplier cannot promptly be found or if the quality of such replacement supplier's components are inferior or unacceptable.

Employees

We currently have 7 full time and 2 part time employees, not including David Phipps, our Chief Executive Officer and the President of Orbital Satcom, and David Rector, our Chief Financial Officer. Mr. Phipps works for us full time. Mr. Rector devotes approximately 10 to 15 hours per week to the Company's business.

Facilities and Material Properties

We rent our office space at 1990 N. California Blvd., 8th Floor, Walnut Creek, California 94596 for $218 per month, our facilities in Poole, England, for $2,500 per month and our office space at 18851 N.E. 29th Ave, Suite 700, Aventura, Florida 33180 for $250 per month. We anticipate expanding our UK office shortly which may incur additional rental charges.

Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our business, financial condition and operating results.

MANAGEMENT

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

Name and Address	Age	Date First Elected or Appointed	Position(s)
David Rector	68	September 24, 2014	Chief Financial Officer, Secretary, Treasurer and Director
David Phipps	49	February 19, 2015	Chief Executive Officer and Chairman

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. The Board of Directors shall not appoint any new members or vote to increase its size in the absence of the written consent of Mr. Phipps. 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.

David Phipps, 49, has served as the Managing Director of GTCL since 2008 and as the President of Global Telesat Corporation, a Virginia corporation ("GTC") and a competitor of the Company, from 2003 through 2014. He has served as the President of Orbital Satcom since February 19, 2015, as Chairman of the Board of Directors of the Company since February 24, 2015 and Chief Executive Officer since February 25, 2015. Mr. Phipps was chosen as a director of the Company based on his knowledge of and relationships in the global satellite communications business.

David Rector, 68, was appointed to the Company's Board of Directors on September 24, 2014 and as the Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer on October 15, 2014. He was appointed Chief Operating Officer on February 19, 2015. Mr. Rector has served as a director of Fuse Science, Inc. since November 2014 and as the Chief Operating Officer and as a Director of MV Portfolios, Inc. from 2013 through January 2015. Mr. Rector has been a director of Sevion Theraputics Inc. (formerly Senesco Technologies, Inc.), a publicly traded company, since February 2002 and was appointed interim Chief Executive Officer in January 2015. Mr. Rector also serves as a director and member of the compensation and audit committee of DGSE Companies, Inc. (formerly the Dallas Gold and Silver Exchange Inc.), a publicly traded company. Since 1985, Mr. Rector has been the Principal of The David Stephen Group, which provides enterprise consulting services to emerging and developing companies in a variety of industries. From November 2012 through January 28, 2014, Mr. Rector served as the CEO, President and a director of Vaporin, Inc. (formerly known as Valor Gold Corp.). From February 2012 through December 31, 2012, Mr. Rector served as the VP Finance & Administration of Pershing Gold Corp. From May 2011 through February 2012, Mr. Rector served as the President of Sagebrush Gold, Ltd. From October 2009 through August 2011, Mr. Rector had served as President and CEO of Li3 Energy, Inc. From July 2009 through May 2011, Mr. Rector had served as President and CEO of Nevada Gold Holdings, Inc. From September 2008 through November 2010, Mr. Rector served as President and CEO Universal Gold Mining Corp. From October 2007 through February 13, 2013, Mr. Rector served as President and CEO of Standard Drilling, Inc. From 2007 through 2009, Mr. Rector served as a director of RxElite, Inc., which filed for bankruptcy in May 2010. Mr. Rector was chosen as a director based on his knowledge of public company management, corporate governance and the mining industry in general.

Family Relationships

There are no family relationships between any of our directors, executive officers or directors except as set forth herein.

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 except as set forth herein.

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. The Board of Directors shall not appoint any new members or vote to increase its size in the absence of the written consent of Mr. Phipps.

Director Independence

Mr. Phipps and Mr. Rector are not "independent" directors based on the definition of independence in the listing standards of the NASDAQ Stock Market LLC ("NASDAQ").

Committees of the Board of Directors

Audit Committee. We intend to establish an audit committee of the Board of Directors once we have satisfied the other initial listing standards for listing our common stock on the Nasdaq Stock Market or another national exchange. The audit committee will consist of independent directors, of which at least one director will qualify as a qualified financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. The audit committee's duties will be to recommend to our Board of Directors the engagement of independent auditors to audit our financial statements and to

review our accounting and auditing principles. The audit committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the internal auditors and independent public accountants, including their recommendations to improve the system of accounting and internal controls. The audit committee will at all times be composed exclusively of directors who are, in the opinion of our Board of Directors, free from any relationship that would interfere with the exercise of independent judgment as a committee member and who possess an understanding of financial statements and generally accepted accounting principles.

Compensation Committee. We intend to establish a compensation committee of the Board of Directors once we have satisfied the other initial listing standards for listing our common stock on the Nasdaq Stock Market or another national exchange. The compensation committee will review and approve our salary and benefits policies, including compensation of executive officers. The compensation committee will also administer our stock option plans and recommend and approve grants of stock options under such plans.

Nominating Committee. We intend to establish a nominating committee of the Board of Directors once we have satisfied the other initial listing standards for listing our common stock on the Nasdaq Stock Market or another national exchange. The nominating committee will consider and make recommendations on matters related to the practices, policies and procedures of the Board and take a leadership role in shaping our corporate governance. As part of its duties, the nominating committee would assess the size, structure and composition of the Board and its committees, and coordinate the evaluation of Board performance. The nominating committee would also act as a screening and nominating committee for candidates considered for election to the Board.

Board Leadership Structure and Role in Risk Oversight

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

EXECUTIVE COMPENSATION

The following table summarizes the overall compensation earned over each of the past two fiscal years ending December 31, 2014 by each person who served as our principal executive officer during fiscal 2014.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Patrick Avery (2)	2014	-	-	-	-
(Former Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer)	2013	-	-	-	-
Andrew Uribe (3)	2014	-	$ 89,917	$ 2,500	$ 92,417
(Former Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer)	2013	-	-	-	-
Glenn Kesner (4)	2014	-	-	$ 5,000	$ 5,000
(Former Secretary)	2013	-	-	-	-
David Rector (5)	2014	-	-	$ 15,000	$ 15,000
(Chief Financial Officer and Secretary; Former Chief Executive Officer)	2013	-	-	-	-

(1) Reflects the grant date fair values of stock awards calculated in accordance with FASB Accounting Standards Codification Topic 718. All stock awards have been adjusted for our 1:150 reverse stock split effective March 28, 2014.
(2) Mr. Avery was appointed as our Chief Executive Officer, President, Chief Financial Officer and Treasurer on January 21, 2014. He resigned from all officer positions with the Company on August 18, 2014.
(3) Mr. Uribe was appointed as our Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer on November 8, 2013. On January 21, 2014, Mr. Uribe was granted 30,000 four year options to purchase shares of common stock exercisable at $0.015 per share. He resigned from all officer positions with the Company on October 15, 2014. Mr. Uribe's options expired on January 15, 2015, three months following his resignation from all positions with the Company.
(4) Mr. Kesner was appointed as our Secretary on January 21, 2014. He resigned on October 15, 2014.
(5) Mr. Rector was appointed as our Chief Executive Officer, Chief Financial Officer and Secretary on October 15, 2014. He resigned as Chief Executive Officer on February 25, 2015. During the year

ended December 31, 2014, we paid consulting fees of $15,000 to an affiliated company. Mr. Rector is the President of the affiliated company.

Agreements

On January 21, 2014, we entered into an employment agreement with Patrick Avery whereby he agreed to serve as the Chief Executive Officer and Chairman of the Board of Directors for a period of two years in consideration for a base salary of $30,000 per month, subject to adjustment upon the occurrence of certain events, and an option under the Company's 2014 Equity Incentive Plan to purchase up to 7.5% of the outstanding common stock of the Company calculated on a post-Transaction pro forma basis at a per share price of $0.0001, which shall vest as follows: (i) 10% immediately on January 21, 2014, (ii) 45% on January 21, 2015 and (iii) the remaining 45% on January 21, 2016. "Transaction" is defined as (a) the consummation of a private placement of the Company's securities in which the Corporation receives gross proceeds of at least $1,000,000 and (b) the acquisition of at least fifty lease holdings in the Holbrook Basin in Arizona. Mr. Avery resigned from all positions with the Company on August 18, 2014, and, in exchange for release from his the non-competition clauses in his employment agreement, released the Company from all claims.

On January 21, 2014, Mr. Kesner, the holder of the majority of our voting stock at the time, was appointed as our secretary. Also on such date we entered into a consulting agreement with Mr. Kesner pursuant to which he agreed to provide administrative and management services to the Company for compensation of $7,500 per month and reimbursement for the cost of group family health insurance. On October 15, 2014, Mr. Kesner resigned as the Secretary of the Company. The Company entered into a separation agreement with Mr. Kesner pursuant to which, in exchange for a release of all claims against the Company, he received a one-time severance payment of $5,000.

The Company has paid an affiliated company of which Mr. Rector is the President a monthly fee of $3,000 since August 2014. On February 19, 2015 Mr. Rector was issued 850,000 shares of common stock and a seven year option to purchase shares of common stock. The option is immediately exercisable into 2,150,000 shares of common stock at a purchase price of $0.05 per share.

Upon the closing of the share exchange with GTCL on February 19, 2015, Orbital Satcom entered into an employment agreement with Mr. Phipps (the "Phipps Employment Agreement"), whereby Mr. Phipps agreed to serve as the President of Orbital Satcom for a period of two years, subject to renewal, in consideration for an annual salary of $180,000. Additionally, under the terms of the Phipps Employment Agreement, Mr. Phipps shall be eligible for an annual bonus if the Company meets certain criteria, as established by the Board of Directors. Mr. Phipps remains the sole director of GTCL following the closing of the Share Exchange. The Company pays Mr. Phipps an additional monthly fee of $3,000 for his services as a director of the company.

Directors' Compensation

On January 21, 2014, the Board approved non-employee director fees of $1,000 per month and issued to each of Andrew Uribe and Mohit Bhansali, former directors of the Company, a four year option to purchase up to 30,000 shares of the Company's issued and outstanding common stock at a cashless exercise price of $0.015 per share. The Company has not paid Mr. Uribe and Mr. Bhansali the monthly fees. On October 15, 2014, each of Mr. Uribe and Mr. Bhansali resigned from the Board of Directors of the Company. The Company entered into separation agreements with each of Mr. Uribe and Mr. Bhansali pursuant to which, in exchange for a release of all claims against the Company, each received a one-time severance payment of $2,500.

Mr. Phipps and Mr. Rector receive no compensation from the Company except as described above.

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

34,000,000 shares of our common stock are reserved for issuance under the 2014 Equity Incentive Plan as awards to employees, directors, consultants, advisors and other service providers. 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 2014 Equity Incentive Plan as of December 31, 2014, as adjusted for the Reverse Split.

	Option awards					Stock awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Patrick Avery (1)	0	0	0	-	-	-	-	-	-
Andrew Uribe (2)	30,000	0	0	$0.015	1/15/15	-	-	-	-
	0	0	0	-	-	-	-	-	-

Glenn Kesner									
David Rector	0	0	0	-	-	-	-	-	-

(1) On January 21, 2014 Mr. Avery was issued an option under the Company's 2014 Equity Incentive Plan to purchase up to 7.5% of the outstanding common stock of the Company calculated on a post-Transaction pro forma basis at a per share price of $0.0001, which shall vest as follows: (i) 10% immediately on January 21, 2014, (ii) 45% on January 21, 2015 and (iii) the remaining 45% on January 21, 2016. "Transaction" is defined as (a) the consummation of a private placement of the Company's securities in which the Corporation receives gross proceeds of at least $1,000,000 and (b) the acquisition of at least fifty lease holdings in the Holbrook Basin in Arizona. Mr. Avery forfeited his options in connection with his resignation from all positions with the Company in August 2014.

(2) On October 15, 2014 the Mr. Uribe was issued a four year option to purchase up to 30,000 shares of the Company's issued and outstanding common stock at a cashless exercise price of $0.015 per share. Mr. Uribe's option expired on January 15, 2015, three months following his resignation from all positions with the Company

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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SEC rules require us to disclose any transaction or currently proposed transaction in which the Company is a participant and in which any related person has or will have a direct or indirect material interest involving the lesser of $120,000 or one percent (1%) of the average of the Company's total assets as of the end of last two completed fiscal years. A related person is any executive officer, director, nominee for director, or holder of 5% or more of the Company's common stock, or an immediate family member of any of those persons.

During the fiscal year ended December 31, 2012 we were party to a services and employee leasing agreement with MJI Resource Management Corp. ("MJI") pursuant to which MJI made available to us six of its employees, including our former officer and director Daniel Bleak for the purpose of performing management, operations, legal, accounting and resource location services. We directly paid the six employees $14,565 and we paid Mr. Bleak $12,775.

On May 9, 2012, we issued $37,500 of our 6% convertible debentures for an aggregate purchase price of $37,500 to Michael Brauser, a former holder of 5% or more of our securities. In connection with the agreement, Mr. Brauser received a warrant to purchase 5,000 shares of our common stock. The warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of $7.50, subject to adjustment in certain circumstances. The holder may exercise the warrant on a cashless basis if the fair market value (as defined in the warrant) of one share of common stock is greater than the initial exercise price.

On November 8, 2013 we amended all $137,500 outstanding notes issued to Mr. Brauser to change the conversion price from $7.50 to $4.50 and issued Mr. Brauser 30,556 shares upon conversion of the debt.

On November 8, 2013 we amended a $14,706 note issued to Sandor Capital Master Fund LP to change the conversion price from $7.50 to $4.50 and issued to Sandor Capital Master Fund LP 3,268 shares upon his conversion of the note.

On November 8, 2013 we amended the $23,529 note issued to Mr. Bleak to change the conversion price from $7.50 to $4.50 and issued Mr. Bleak 5,229 shares upon his conversion of the note.

On November 8, 2013, Mr. Bleak cancelled 230,000 shares (on a post reverse-split basis) owned by him in connection with his resignation from all positions with the Company.

On November 8, 2013 we entered into a debt forgiveness agreement with MJI, pursuant to which MJI forgave (i) $1,264,253 owed to it pursuant to outstanding invoices less $175,000 and (ii) all other debt incurred by the Company from January 1, 2011 through the November 8, 2013. We agreed to pay MJI $175,000 upon the closing of a "Financing", as such term is defined in the debt forgiveness agreement. The $175,000 may be paid as (i) a cash payment, (ii) conversion into the applicable dollar amount of securities issued by the Company in the Financing upon the same terms provided to the other investors in the Financing or (iii) a combination of (i) and (ii). The Company is currently disputing the amount owed to MJI pursuant to the debt forgiveness agreement.

On January 21, 2014, we entered into a securities purchase agreement with Auracana LLC, an entity owned by Glenn Kesner, our Secretary and the holder of the majority of our voting stock at the time, pursuant to which we sold to Auracana our wholly owned subsidiaries H-Hybrid Technologies, Inc., a Florida corporation, and RZ Acquisition Corp., a New York corporation. We sold the subsidiaries to Auracana for a purchase price of $1.00, in part, as compensation for Mr. Kesner's prior services as an officer and director during the fiscal years ending December 31, 2010 and 2011. The terms and purchase price were not based upon an arm's length negotiation and were determined arbitrarily in order to dispose of such businesses in connection with the plans to enter into the potash business, which was subsequently abandoned by the Company.

Between March 2014 and May 2014, Marlin Capital Investments, LLC, an entity affiliated with Barry Honig, a holder of 5% or greater of our securities at the time, loaned a total of $35,000 to the Company without interest.

On September 30, 2014, Sandor Capital Master Fund LP purchased 8 million shares of our common stock at a purchase price of $0.05 per share.

On October 15, 2014, we entered into an exchange agreement with Sandor Capital Master Fund LP, who had purchased the $35,000 note from Marlin Capital Investments, LLC. Pursuant to the exchange agreement, Sandor Capital Master Fund LP exchanged the note and relinquished any and all other rights it may have pursuant to the note in exchange for 750,000 shares of our newly designated Series D Preferred Stock.

Also on October 15, 2014, the Company entered into a series of exchange agreements with Mr. Brauser, Mr. Honig and affiliates of Mr. Honig who had previously converted outstanding debentures but who were still owed unpaid interest on the debentures in the aggregate amount of $98,274. Pursuant to the exchange agreements, the holders exchanged the right to receive unpaid interest and relinquished any and all other rights they may have pursuant to the debentures in exchange for 4,250,000 shares of newly designated Series D Preferred Stock. Mr. Brauser exchanged $65,872 in outstanding interest for 2,125,000 shares of Series D Preferred Stock and Mr. Honig and affiliated parties exchanged $32,402 in outstanding interest for an aggregate of 2,125,000 shares of Series D Preferred Stock.

On December 10, 2014, the Company purchased certain contracts from Global Telesat Corp., a Virginia corporation ("GTC") for $250,000 pursuant to an asset purchase agreement by and among the Company, its wholly owned subsidiary Orbital Satcom, GTC and World Surveillance Group, Inc. ("World"), GTC's parent. Also on December 10, 2014, the Company, Orbital Satcom, GTC and World entered into a license agreement pursuant to which GTC granted to Orbital Satcom a fully-paid and irrevocable non-exclusive license to use certain equipment owned by GTC or its affiliates consisting of "appliques" in connection with the purchased contracts. Mr. Phipps is the founder of GTC and its former President.

Orbital Satcom purchased an aggregate of approximately $114,000 of inventory from GTCL in January, February and March 2015.

On February 11, 2015, we entered into exchange agreements with each of Sandor Capital Master Fund LP and Point Capital, Inc., a holder of 5% or more of our securities at that time. Pursuant to the exchange agreements, Sandor Capital Master Fund LP exchanged 8 million shares of common stock for 800,000 shares of the Company's Series C Preferred Stock and Point Capital, Inc. exchanged 2 million shares of common stock for 200,000 shares of Series C Preferred Stock.

On February 19, 2015, the Company entered into a share exchange agreement with GTCL and the GTCL Shareholders. Upon closing of the transactions contemplated under the share exchange agreement, the GTCL Shareholders transferred all of the issued and outstanding equity of GTCL to the Company in exchange for (i) an aggregate of 2,540,000 shares of the common stock of the Company and 8,746,000 shares of the newly issued Series E Preferred Stock of the Company with each share of Series E Preferred Stock convertible into ten shares of common stock, (ii) a cash payment of $375,000 and (iii) a one-year promissory note. The note has an original principal amount of $122,536, which is equal to the total cost of certain inventory owned by GTCL immediately prior to the share exchange, and shall be repaid from the sale of the inventory following closing. Mr. Phipps was a GTCL Shareholder and the sole director of GTCL. He received in exchange for his shares of GTCL 400,000 shares of the Company's common stock and 6,692,000 shares of Series E Preferred Stock, and was paid the full cash payment and the full amount of the note. The Company also paid Mr. Phipps an additional $25,000 at closing as compensation for transition services previously provided by him to the Company in anticipation of the share exchange.

Jenna Foster, a former GTCL Shareholder and the Secretary of GTCL, was appointed director of the Company at the closing of the share exchange. She received 400,000 shares of common stock and 320,000 shares of Series E Preferred Stock in the share exchange. Ms. Foster resigned as a director on February 24, 2015.

On February 19, 2015, the Company sold to Frost Gamma Investments Trust, a holder of 5% or more of its securities, an aggregate of 450,000 units of its securities, with 15,000 units consisting of 40 shares of common stock per unit and 435,000 units consisting of 4 shares of shares of its Series C Convertible Preferred Stock per unit at a purchase price of $2.00 per Unit for gross proceeds to the Company of $900,000.

On February 19, 2015, the Company issued 175,000 shares of common stock to MJI in full satisfaction of all outstanding debts pursuant to a settlement agreement. Up to 5,000 of the shares may be sold per day and the Company has a six month option to repurchase these shares at a purchase price of $0.75 per share.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables sets forth, as of May 6, 2015, the number of and percent of the Company's common stock beneficially owned by: (1) all directors and nominees, naming them; (2) our executive officers; (3) our directors and executive officers as a group, without naming them; and (4) persons or groups known by us to own beneficially 5% or more of our voting securities.

A person is deemed to be the beneficial owner of securities that can be acquired by him within 60 days from May 6, 2015 upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person, and which are exercisable within 60 days of May 6, 2015 have been exercised and converted.

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership					
	Common Stock	Preferred	Options	Warrants	Total	Percentage of Common Stock (%) (1)
Officers and Directors						
David Phipps (Chairman and CEO) c/o Orbital Tracking Corp. 1990 N. California Blvd. 8th Floor Walnut Creek, California 94596	400,000	151,304(2)	0	0	551,304	4.99%
David Rector c/o Orbital Tracking Corp. 1990 N. California Blvd. 8th Floor Walnut Creek, California 94596	850,000(3)	0	2,150,000(3)(4)	0	3,000,000	21.36%
All Directors and Executive Officers (two persons)	1,250,000(3)	151,304(2)	(3) 2,150,000(4)	0	3,551,304	24.32%
Persons owning more than 5% of voting securities						
Global Telesat Corp. (5) State Rd 405 Building M6-306A Rm 1400	2,222,222	0	0	0	2,222,222	16. 75%

Kennedy Space Center Florida 32815					
Frost Gamma Investments Trust 4400 Biscayne Blvd. Miami Florida 33137	726,667(6)	0(7)	0	0	6.17%

(1) In determining the percent of common stock owned by a person or entity on May 6, 2015, (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 May 6, 2015 (11,048,172), 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 the notes below. Unless otherwise stated, each beneficial owner has sole power to vote and dispose of its shares.

(2) Represents 151,304 shares of common stock underlying Series E Preferred Stock and does not include 66,768,696 shares of common stock underlying Series E Preferred Stock. Each share of Series E Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series E Preferred Stock, a holder cannot convert any of the Series E Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock (the "Series E 4.99% Blocker") and the percentage set forth in the table above gives effect to the Series E 4.99% Blocker. Consequently, at this time, Mr. Phipps is not able to convert all of his Series E Preferred Stock due to the Series E 4.99% Blocker.

(3) Held by The David Stephen Group LLC, over which Mr. Rector holds voting and dispositive power.

(4) Represents options to purchase 2,150,000 shares of common stock at an exercise price of $0.05 per share.

(5) Dennis DeMolet is the President and Chief Executive Officer of Global Telesat Corp. and holds voting and dispositive power over the securities of the Company held by Global Telesat Corp.

(6) Includes 706,667 shares of common stock held by Frost Gamma Investments Trust and 20,000 shares of common stock held by Dr. Philip Frost. Dr. Frost is the trustee of Frost Gamma Investments Trust and holds voting and dispositive power over the securities of the Company held by Frost Gamma Investments Trust.

(7) Does not include 17,400,000 shares of common stock underlying Series C Preferred Stock held by Frost Gamma Investments Trust. Each share of Series C Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Preferred Stock, a holder cannot convert any of the Series C Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock (the "Series C 4.99% Blocker") and the percentage set forth in the table above gives effect to the Series C 4.99% Blocker. Consequently, at this time, Frost Gamma Investments Trust is not able to convert all of its Series C Preferred Stock due to the Series C 4.99% Blocker.

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SELLING STOCKHOLDERS

Up to 2,400,000 shares of common stock are being offered by this prospectus, all of which are being registered for sale for the account of the selling stockholders and include the following:

500,000 shares of common stock issued in our February 19, 2015 private placement;

150,000 shares of common stock underlying a portion of the Series C Convertible Preferred Stock issued in our February 11, 2015 share exchange;

300,000 shares of common stock underlying a portion of the Series D Convertible Preferred Stock issued on October 15, 2014 in exchange for outstanding promissory notes;

800,000 shares of common stock underlying a portion of the Series D Convertible Preferred Stock issued on October 15, 2014 in exchange for the right to receive owed and unpaid cash interest on converted debentures;

400,000 shares of common stock underlying a portion of the Series D Convertible Preferred Stock issued on October 15, 2014 in exchange for the right to receive owed and unpaid cash interest on converted debentures and subsequently sold to the selling stockholder in a private transaction; and

250,000 shares of common stock underlying Series E Convertible Preferred Stock issued in our February 19, 2015 share exchange with GTCL.

Each of the transactions by which the selling stockholders acquired their securities from us was exempt under the registration provisions of the Securities Act.

The 2,400,000 shares of common stock referred to above are being registered to permit public sales of the shares, and the selling stockholders may offer the shares for resale from time to time pursuant to this prospectus. The selling stockholders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act or pursuant to another effective registration statement covering those shares. We may from time to time include additional selling stockholders in supplements or amendments to this prospectus.

The table below sets forth certain information regarding the selling stockholders and the shares of our common stock offered by them in this prospectus. The selling stockholders have not had a material relationship with us within the past three years other than as described in the footnotes to the table below or as a result of acquisition of our shares or other securities. None of the selling stockholders is a broker dealer or an affiliate of a broker dealer other than as described in the footnotes to the table below.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (“SEC”). The selling stockholders’ percentage of ownership of our outstanding shares in the table below is based upon 11,048,172 shares of common stock outstanding as of May 6, 2015.

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Name and Address of Stockholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common stock Offered Pursuant to this Prospectus	Beneficial Ownership of Common Stock After the Offering	
	Number of Shares	Percent (1)(2)		Number of Shares (3)	Percent (1)(3)(4)
Frost Gamma Investments Trust (5) 4400 Biscayne Blvd. Miami, Florida 33137	726,667 (6)	6.58 %	500,000	726,667(6)	6.58%
Sandor Capital Master Fund LP (7) 2828 Routh Street, Suite 500 Dallas, Texas 75201	551,304 (8)	4.99 %	300,000(9)	566,274(10)	4.99%
Oban Investments LLC (11) 347 N New River Drive East 809 Fort Lauderdale, Florida 33301	551,304 (12)	4.99 %	400,000(13)	571,264(14)	4.99%
Point Capital, Inc. (15) 285 Grand Avenue Building 5 Englewood, NJ 07631	551,304 (16)	4.99 %	150,000(17)	558,789 (18)	4.99%
Michael Brauser 4400 Biscayne Blvd., Suite 850 Miami, Florida 33137	551,304 (19)	4.99 %	400,000(20)	571,264(21)	4.99%
GRQ Consultants, Inc. 401k Plan (22) 555 South Federal Highway #450, Boca Raton, Florida 33432	551,304 (23)	4.99 %	400,000(24)	571,264(25)	4.99%
David Phipps c/o Orbital Tracking Corp. 1990 N. California Blvd., 8th Floor, Walnut Creek, California 94596	551,304 (22)	4.99 %	150,000	558,789(23)	4.99%
DL2 Capital , Inc. (24) 1885 NE 117th Road North Miami, Florida 33181	551,304 (25)	4.99 %	100,000	556,294(26)	4.99%

* represents less than 1%.

(1) Under applicable SEC rules, a person is deemed to beneficially own securities which the person as the right to acquire within 60 days through the exercise of any option or warrant or through the

conversion of a convertible security. Also under applicable SEC rules, a person is deemed to be the "beneficial owner" of a security with regard to which the person directly or indirectly, has or shares (a) voting power, which includes the power to vote or direct the voting of the security, or (b) investment power, which includes the power to dispose, or direct the disposition, of the security, in each case, irrespective of the person's economic interest in the security. Each listed selling stockholder has the sole investment and voting power with respect to all shares of common stock shown as beneficially owned by such selling stockholder, except as otherwise indicated in the footnotes to the table.

(2) As of May 6, 2015, there were 11,048,172 shares of our common stock issued and outstanding. In determining the percent of common stock beneficially owned by a selling stockholder on May 6, 2015, (a) the numerator is the number of shares of common stock beneficially owned by such selling stockholder (including shares that he has the right to acquire within 60 days of May 6, 2015), and (b) the denominator is the sum of (i) the 11,048,172 shares of common stock outstanding on May 6, 2015, and (ii) the number of shares of common stock which such selling stockholder has the right to acquire within 60 days of May 6, 2015.

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(3) Assumes that all of the shares held by the selling stockholders covered by this prospectus are sold and that the selling stockholders acquire no additional shares of common stock before the completion of this offering. However, as the selling stockholder can offer all, some, or none of its common stock, no definitive estimate can be given as to the number of shares that the selling stockholder will ultimately offer or sell under this prospectus.

(4) In determining the percent of common stock beneficially owned by a selling stockholder on May 6, 2015, (a) the numerator is the number of shares of common stock beneficially owned by such selling stockholder (including shares that he has the right to acquire within 60 days of May 6, 2015), and (b) the denominator is the sum of (i) the 11,048,172 shares of common stock outstanding on May 6, 2015, (ii) the number of shares of common stock which such selling stockholder has the right to acquire within 60 days of May 6, 2015 and (iii) the additional shares of common stock issuable upon conversion of the offered shares of common stock underlying preferred stock, if any.

(5) Dr. Philip Frost is the trustee of Frost Gamma Investments Trust and holds voting and dispositive power over the securities of the Company held by Frost Gamma Investments Trust.

(6) Includes 706,667 shares of common stock held by Frost Gamma Investments Trust and 20,000 shares of common stock held by Dr. Philip Frost. Does not include 17,400,000 shares of common stock underlying Series C Preferred Stock held by Frost Gamma Investments Trust. Each share of Series C Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Preferred Stock, a holder cannot convert any of the Series C Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(7) John Lemak is the manager of Sandor Capital Master Fund LP and holds voting and dispositive power over the securities of the Company held by Sandor Capital Master Fund LP.

(8) Includes (i) 103,268 shares of common stock and (ii) 448,036 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Does not include (i) 1,000,000 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock held by JSL Kids Partners, LLC, of which Mr. Lemak is the trustee, (ii) 7,551,964 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock held by Sandor Capital Master Fund LP and (iii) 15,000,000 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by Sandor Capital Master Fund LP. Each share of Series C

Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Preferred Stock, a holder cannot convert any of the Series C Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(9) The number of shares being offered by Sandor Capital Master Fund LP includes 300,000 shares of common stock underlying Series D Convertible Preferred Stock.

(10) Includes (i) 103,268 shares of common stock and (ii) 463,006 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Does not include (i) 1,000,000 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock held by JSL Kids Partners, LLC, of which Mr. Lemak is the trustee, (ii) 7,536,994 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock held by Sandor Capital Master Fund LP and (iii) 14,700,000 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by Sandor Capital Master Fund LP. Each share of Series C Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Preferred Stock, a holder cannot convert any of the Series C Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

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(11) John Stetson is the manager of Oban Investments LLC and holds voting and dispositive power over the securities of the Company held by Oban Investments LLC.

(12) Includes 551,304 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Does not include 4,448,696 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(13) The number of shares being offered by Oban Investments LLC includes 400,000 shares of common stock underlying Series D Convertible Preferred Stock.

(14) Includes 571,264 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Does not include 4,028,736 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(15) Eric Weisblum is the President of Point Capital, Inc. and holds voting and dispositive power over the securities of the Company held by Point Capital, Inc..

(16) Includes 551,304 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Does not include 1,448,696 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Each share of Series C Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Convertible Preferred Stock, a holder cannot convert any of the Series C Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock. Does not include 2,000,000 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own,

after any such conversion, more than 4.99% of the outstanding shares of common stock.

(17) The number of shares being offered by Point Capital, Inc. includes 150,000 shares of common stock underlying Series C Convertible Preferred Stock.

(18) Includes 558,789 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Does not include 1,291,211 shares of common stock issuable upon conversion of Series C Convertible Preferred Stock. Each share of Series C Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series C Convertible Preferred Stock, a holder cannot convert any of the Series C Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock. Does not include 2,000,000 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(19) Includes (i) 116,884 shares of common stock and (ii) 434,420 shares of common stock issuable upon conversion of Series D Preferred Stock. Does not include 16,665 shares of common stock issuable upon conversion of Series B Preferred Stock. Does not include 41,065,580 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock is convertible into 5 shares of common stock. Pursuant to the terms of the Series B Convertible Preferred Stock, a holder cannot convert any of the Series B Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 9.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(20) The number of shares being offered by Michael Brauser includes 400,000 shares of common stock underlying Series D Convertible Preferred Stock.

(21) Includes (i) 116,884 shares of common stock and (ii) 454,380 shares of common stock issuable upon conversion of Series D Preferred Stock. Does not include 16,665 shares of common stock issuable upon conversion of Series B Preferred Stock. Does not include 40,645,620 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock is convertible into 5 shares of common stock. Pursuant to the terms of the Series B Convertible Preferred Stock, a holder cannot convert any of the Series B Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 9.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(22) Barry Honig is the trustee of GRQ Consultants, Inc. 401K and holds voting and dispositive power over the securities of the Company held by GRQ Consultants, Inc. 401K. Barry Honig is the president of GRQ Consultants, Inc. and holds voting and dispositive power over the securities of the company held by GRQ Consultants, Inc.

(23) Includes (i) 31,098 shares of common stock held by Barry Honig, (ii) 33,547 shares of common stock held by GRQ Consultants, Inc. 401K, (ii) 2,000 shares of common stock held by GRQ Consultants, Inc.,

and (iv) 484,659 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by GRQ Consultants, Inc. 401K. Does not include (i) 16,665 shares of common stock issuable upon conversion of Series B Preferred Stock held by Barry Honig, (ii) 2,361,120 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by GRQ Consultants, Inc. and (ii) 31,654,221 shares of common stock issuable upon conversion of Series D Preferred Stock held by GRQ Consultants, Inc. 401K. Each share of Series B Convertible Preferred Stock is convertible into 5 shares of common stock. Pursuant to the terms of the Series B Convertible Preferred Stock, a holder cannot convert any of the Series B Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 9.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(24) The number of shares being offered by GRQ Consultants, Inc. 401K includes 400,000 shares of common stock underlying Series D Convertible Preferred Stock.

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(25) Includes (i) 31,098 shares of common stock held by Barry Honig, (ii) 33,547 shares of common stock held by GRQ Consultants, Inc. 401K, (ii) 2,000 shares of common stock held by GRQ Consultants, Inc., and (iv) 504,619 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by GRQ Consultants, Inc. 401K. Does not include (i) 16,665 shares of common stock issuable upon conversion of Series B Preferred Stock held by Barry Honig, (ii) 2,361,120 shares of common stock issuable upon conversion of Series D Convertible Preferred Stock held by GRQ Consultants, Inc. and (ii) 31,234,261 shares of common stock issuable upon conversion of Series D Preferred Stock held by GRQ Consultants, Inc. 401K. Each share of Series B Convertible Preferred Stock is convertible into 5 shares of common stock. Pursuant to the terms of the Series B Convertible Preferred Stock, a holder cannot convert any of the Series B Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 9.99% of the outstanding shares of common stock. Each share of Series D Convertible Preferred Stock is convertible into 20 shares of common stock. Pursuant to the terms of the Series D Convertible Preferred Stock, a holder cannot convert any of the Series D Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(26) Includes (i) 400,000 shares of common stock and (ii) 151,304 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Does not include 66,768,696 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series E Convertible Preferred Stock, a holder cannot convert any of the Series E Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(27) The number of shares being offered by David Phipps includes 150,000 shares of common stock underlying Series E Convertible Preferred Stock.

(28) Includes (i) 400,000 shares of common stock and (ii) 158,789 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Does not include 66,611,211 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series E Convertible Preferred Stock, a holder cannot convert any of the Series E Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(29) Leonella Treto is the Manager of DL2 Capital, Inc. and holds voting and dispositive power over the securities of the Company held by DL2 Capital, Inc.

(30) Includes (i) 400,000 shares of common stock and (ii) 151,304 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Does not include 19,428,696 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series E Convertible Preferred Stock, a holder cannot convert any of the Series E Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

(31) The number of shares being offered by DL2 Capital, Inc. includes 100,000 shares of common stock underlying Series E Convertible Preferred Stock.

(32) Includes (i) 400,000 shares of common stock and (ii) 156,294 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Does not include 19,323,706 shares of common stock issuable upon conversion of Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock is convertible into 10 shares of common stock. Pursuant to the terms of the Series E Convertible Preferred Stock, a holder cannot convert any of the Series E Convertible Preferred Stock if such holder would beneficially own, after any such conversion, more than 4.99% of the outstanding shares of common stock.

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DESCRIPTION OF SECURITIES

We have authorized capital stock consisting of 200,000,000 shares of common stock and 20,000,000 shares of preferred stock. We plan to amend our Articles of Incorporation to increase our authorized capital stock to 700,000,000 shares of common stock and 50,000,000 shares of preferred stock.

Common Stock

The holders of common stock are entitled to one vote per share. Our certificate of incorporation does not provide for cumulative voting. The holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of legally available funds. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all assets that are legally available for distribution. The holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock, which may be designated solely by action of the Board of Directors and issued in the future.

Preferred Stock

The Board of Directors is authorized, subject to any limitations prescribed by law, without further vote or action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Each such series of preferred stock shall have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as shall be determined by the Board of Directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights. At May 6, 2015:

- 20,000 shares of preferred stock were designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock"), of which 20,000 shares were issued and outstanding;
- 30,000 shares of preferred stock were designated as Series B Convertible Preferred Stock (the "Series B Preferred Stock"), of which 6,666 shares were issued and outstanding;
- 4,000,000 shares of preferred stock were designated as Series C Convertible Preferred Stock (the "Series C Preferred Stock"), of which 3,337,443 shares were issued and outstanding;
- 5,000,000 shares of preferred stock were designated as Series D Convertible Preferred Stock (the "Series D Preferred Stock"), of which 5,000,000 shares were issued and outstanding; and
- 8,746,000 shares of preferred stock were designated as Series E Convertible Preferred Stock (the "Series E Preferred Stock"), of which 8,746,000 shares were issued and outstanding.

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Series A Convertible Preferred Stock

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., each issued and outstanding share of our Series A Preferred Stock, par value $0.0001 per share, was converted into 1/150th shares of Series A Preferred Stock, par value $0.0001 per share, for a total of 20,000 issued and outstanding shares of Series A Preferred Stock. Pursuant to the Series A Certificate of Designation, the Company designated 20,000 shares of its blank check preferred stock as Series A Preferred Stock. Each share of Series A Preferred Stock is convertible into one share each of our common stock, subject to equitable adjustments after such events as stock dividends, stock splits or fundamental corporate transactions. The holders of our Series A Preferred Stock are entitled to 250 votes for each share of Series A Preferred Stock owned at the record date for the determination of shareholders entitled to vote, or, if no record date is established, at the date such vote is taken or any written consent of shareholders is solicited. In the event of a liquidation, dissolution or winding up of our business, the holder of the Series A Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series A Preferred Stock's preferential payment and over our common stock.

Series B Convertible Preferred Stock

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., each issued and outstanding share of our Series D Preferred Stock, par value $0.0001 per share, was converted into 1/150th shares of Series B Preferred Stock, par value $0.0001 per share, for a total of 6,666 issued and outstanding shares of Series B Preferred Stock. Pursuant to the Series B Certificate of Designation, the Company designated 30,000 shares of its blank check preferred stock as Series B Convertible Preferred. Each share of Series B Preferred has a stated value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series B Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series B Preferred Stock's preferential payment and over our common stock. The Series B Preferred is convertible into five (5) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series B Preferred to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series B Preferred. Each share of Series B Preferred entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series B Preferred entitles the holder to cast one (1) votes per share of Series B Preferred owned at the time of such vote, subject to the 4.99% beneficial ownership limitation.

Series C Convertible Preferred Stock

On October 10, 2014, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series C Preferred Stock, setting forth the rights, powers, and preferences of the Series C Preferred Stock. Pursuant to the Series C Certificate of Designation, as amended on February 19, 2015, the Company designated 4,000,000 shares of its blank check preferred stock as Series C Preferred Stock. Each share of Series C Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series C Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series C Preferred Stock's preferential payment and over our common stock. The Series C Preferred is convertible into ten (10) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series C Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series C Preferred. Each share of Series C Preferred Stock entitles the holder to vote

on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series C Preferred entitles the holder to cast ten (10) votes per share of Series C Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation. 3,337,443 shares of Series C Preferred Stock were issued as of May 6, 2015.

Series D Convertible Preferred Stock

On October 15, 2014, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series D Preferred Stock, setting forth the rights, powers, and preferences of the Series D Preferred Stock. Pursuant to the Series D Certificate of Designation, the Company designated 5,000,000 shares of its blank check preferred stock as Series D Convertible Preferred Stock. Each share of Series D Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series D Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series D Preferred Stock's preferential payment and over our common stock. The Series D Preferred is convertible into twenty (20) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series D Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series D Preferred Stock. Each share of Series D Preferred Stock entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series D Preferred Stock entitles the holder to cast twenty (20) votes per share of Series D Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation. All 5,000,000 shares of authorized Series D Preferred Stock were issued and outstanding on May 6, 2015.

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Series E Convertible Preferred Stock

On February 19, 2015, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series E Preferred Stock, setting forth the rights, powers, and preferences of the Series E Preferred Stock. Pursuant to the Series E Certificate of Designation, the Company designated 8,746,000 shares of its blank check preferred stock as Series E Convertible Preferred Stock. Each share of Series E Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series E Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series E Preferred Stock's preferential payment and over our common stock. The Series E Preferred is convertible into ten (10) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series E Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series E Preferred Stock. Each share of Series E Preferred Stock entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series E Preferred Stock entitles the holder to cast ten (10) votes per share of Series E Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation. All 8,746,000 shares of authorized Series E Preferred Stock were issued and outstanding on May 6, 2015.

Options

The maximum number of shares of common stock that may be delivered pursuant to awards granted to eligible persons under the Company's 2014 Equity Incentive Plan may not exceed 34,000,000 shares of common stock, subject to certain adjustments. As of May 6, 2015, the Company has issued options to purchase an aggregate of 2,150,000 shares of common stock under its 2014 Equity Incentive Plan to Mr. Rector, the Chief Executive Officer and a director. The options have an exercise price of $0.05 per share, were fully vested on the date of grant and shall expire in February 2022.

Warrants

As of May 6, 2015, the Company has issued and outstanding warrants to purchase an aggregate of 490,000 shares of common stock. 240,000 warrants have an exercise price of $3.75, 5,000 warrants have an exercise price of $4.50, and 245,000 warrants have an exercise price of $3.75.

Other Convertible Securities

As of May 6, 2015, other than the securities described above, the Company does not have any outstanding convertible securities.

Restrictions on Alienability

250,000 shares of common stock issued to the Company's controller in February 2015 are subject to a one year lockup. A former consultant who was issued 175,000 shares of common stock may only sell up to 5,000 shares per day on the public markets and the Company has the option through August 19, 2015 to repurchase these shares from the former consultant at a price of $0.75 per share.

In the event that we issue common stock or securities convertible into common stock at a price that is lower than $0.05 per share of common stock, subject to certain exceptions, holders of an aggregate of 25,624,425 shares of our

common stock and common stock underlying certain preferred shares will be entitled to receive additional securities. We will be required to issue to these holders additional securities such that they will hold that number of shares of common stock or securities convertible into common stock as if they had originally purchased their securities at the lower price.

Indemnification of Directors and Officers

Neither our articles of incorporation nor bylaws prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statutes ("NRS"). NRS Section 78.7502, provides that a corporation may indemnify any director, officer, employee or agent of a corporation against expenses, including fees, actually and reasonably incurred by him in connection with any defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.7502(1) or 78.7502(2), or in defense of any claim, issue or matter therein.

NRS 78.7502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

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NRS Section 78.7502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Our charter provides that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the NRS, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification. We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the NRS would permit indemnification.

Our bylaws provide that a director or officer of the Company shall have no personal liability to the Company or its stockholders for damages for breach of fiduciary duty as a director or officer, except for damages for breach of fiduciary duty resulting from (a) acts or omissions which involve intentional misconduct, fraud, or a knowing violation of law, or (b) the payment of dividends in violation of section 78.3900 of the NRS as it may from time to time be amended or any successor provision thereto.

PLAN OF DISTRIBUTION

Each selling stockholder of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the OTC Markets or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

a combination of any such methods of sale; or

any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

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In connection with the sale of the common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act, in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling stockholder has informed us that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the common stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

Because selling stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act, including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the selling stockholders.

Under applicable rules and regulations under the Securities Exchange Act of 1934, as amended, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

LEGAL MATTERS

Sichenzia Ross Friedman Ference LLP will pass upon the validity of the shares of common stock sold in this offering. Sichenzia Ross Friedman Ference LLP owns 550,000 shares of common stock and 85,000 shares of Series Convertible Preferred Stock.

EXPERTS

The financial statements of Orbital Tracking Corp. for the fiscal years ended December 31, 2014 and 2013 have been audited by RBSM LLP, an independent registered public accounting firm as set forth in its report, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements for the fiscal years ended September 30, 2014 and 2013 relating to the interests in the revenues and cost of sales of the satellite airtime and trackers acquired by the Company in December 2014 have been

audited by RBSM LLP, an independent registered public accounting firm as set forth in its report, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of GTCL for the fiscal years ended December 31, 2014 and 2013 have been audited by RBSM LLP, an independent registered public accounting firm as set forth in its report, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, together with any amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock that we are offering in this prospectus.

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission under the Securities Exchange Act. Our Securities and Exchange Commission filings are available to the public over the Internet at the Securities and Exchange Commission's website at http://www.sec.gov. Access to these electronic filings is available as soon as practicable after filing with the Securities and Exchange Commission. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. You may also request a copy of those filings, excluding exhibits, from us at no cost. Any such request should be addressed to us at: 1990 N. California Blvd., 8th Floor, Walnut Creek, California 94596, Attention: David Phipps.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Orbital Tracking Corp.

We have audited the accompanying consolidated balance sheet of Orbital Tracking Corp. (formerly known as Great West Resources, Inc.) (formerly known as Silver Horn Mining Ltd.) as of December 31, 2014 and the related consolidated statement of operations, changes in stockholders' deficit, and cash flows for the year ended December 31, 2014. 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 audit.

We conducted our audit 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 audit 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 audit provides 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 Orbital Tracking Corp. as of December 31, 2014 and the results of its operations and its cash flows for the year ended December 31, 2014 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company reported a net loss and cash used in operations for the year ended December 31, 2014 of approximately $411,000 and $210,000, respectively, and as of December 31, 2014 had a working capital deficit and accumulated deficit of approximately $379,000 and $49.5 million, respectively, and had insignificant revenues. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans as to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ RBSM, LLP
New York, New York
March 26, 2015

D. Brooks and Associates CPA's, P.A.
Certified Public Accountants • Valuation Analyst • Advisors

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Orbital Tracking Corp.

We have audited the accompanying consolidated balance sheet of Orbital Tracking Corp. formerly Silver Horn Mining Ltd. as of December 31, 2013 and the related statement of income, stockholders' deficit, and cash flows for the year then ended. Orbital Tracking Corp.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 consolidated 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 audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Orbital Tracking Corp. as of December 31, 2013 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred operating losses, has incurred negative cash flows from operations and has a working capital deficit. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding these matters is also described in Note 2 to the financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ D. Brooks and Associates CPA's, P.A.

D. Brooks and Associates CPA's, P.A.
West Palm Beach, Florida
March 23, 2014

D. Brooks and Associates CPA's, P.A. 8918 Marlamoor Lane, West Palm Beach, FL 33412 – (954) 592–2507

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Orbital Tracking Corp. and Subsidiary
Consolidated Balance Sheets

	December 31, 2014		December 31, 2013
ASSETS			
Current Assets			
Cash	$	77,137	$ -
Accounts receivable		8,410	-
Prepaid expenses - current portion		232,222	-
Total Current Assets		317,769	-
Other Assets			
Prepaid expenses - long-term portion		1,987,455	-
Intangible assets		250,000	-
Total Other Assets		2,237,455	-
Total Assets	$	2,555,224	$ -
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current Liabilities			
Accounts payable and accrued expenses	$	402,583	$ 466,493
Accounts payable - related party		175,000	175,000
Due to related party		2,043	-
Derivative liability		4,936	11,942
Liabilities of discontinued operations		112,397	112,397
Total Current Liabilities		696,959	765,832
Commitments and Contingencies			
Stockholders' Equity (Deficit)			
Preferred stock, $0.0001 par value; 20,000,000 shares authorized			
Series A ($0.0001 par value; 20,000 shares authorized, 20,000 shares issued and outstanding as of December 31, 2014 and 2013)		2	2
Series B ($0.0001 par value; 30,000 shares authorized, 6,666 shares issued and outstanding as of December 31, 2014 and 2013)		1	1
Series C ($0.0001 par value; 4,000,000 shares authorized, none issued and outstanding as of December 31, 2014 and 2013)		-	-
Series D ($0.0001 par value; 5,000,000 shares authorized, 5,000,000 and none shares issued and outstanding as of December 31, 2014 and 2013, respectively)		500	-

Common stock, $0.0001 par value; 200,000,000 shares authorized, 13,733,172 and 1,510,950 shares issued and outstanding as of December 31, 2014 and 2013, respectively		1,373		151
Additional paid-in capital		51,369,941		48,203,058
Accumulated deficit		(49,513,552)		(48,969,044)
Total Stockholders' Equity (Deficit)		1,858,265		(765,832)
Total Liabilities and Stockholders' Equity (Deficit)	$	2,555,224	$	-

See accompanying notes to consolidated financial statements.

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Orbital Tracking Corp. and Subsidiary
Consolidated Statements of Operations

	For the Years Ended December 31,	
	2014	2013
Net revenues - services	$8,410	$-
Cost of revenues - services	202	-
Gross profit	8,208	-
Operating Expenses		
General and administrative expenses	426,448	573,793
Total Operating Expenses	426,448	573,793
Loss from Operations	(418,240)	(573,793)
Other Income (Expense)		
Interest expense	-	(120,575)
Gain from settlement of debt	-	1,285,872
Change in fair value of derivative liability	7,006	32,614
Total Other Income (Expense), net	7,006	1,197,911
Loss before provision for income taxes	(411,234)	624,118
Provision for income taxes	-	-
Net (loss) income	(411,234)	624,118
Preferred deemed dividend	(133,274)	-
Net (loss) income available to common stockholders	$(544,508)	$624,118
Net (loss) income Per Share - Basic	$(0.13)	$0.38
Net (loss) income Per Share - Diluted	$(0.13)	$0.36
Weighted average common shares outstanding		
Basic	4,093,598	1,661,276
Diluted	4,093,598	1,714,606

See accompanying notes to consolidated financial statements.

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Orbital Tracking Corp. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the Two Years Ended December 31, 2014

	Preferred Stock - Series A $0.0001 Par Value		Preferred Stock - Series B $0.0001 Par Value		Preferred Stock - Series D $0.0001 Par Value		Common Stock		Additional Paid in Capital	Accum-ulated Deficit	Stock-hold Equity (Deficit
Balance, December 31, 2012	20,000	2	6,666	1		-	1,686,865	169	47,885,179	(49,593,162)	(1,707,8
Issuance of common stock in connection with the conversion of convertible debentures	-	-	-	-		-	54,085	5	311,524	-	311,529
Reclassification of derivative liability upon extinguishment of convertible debentures	-	-	-	-		-	-	-	6,332	-	6,332
Cancellation of common stock	-	-	-	-		-	(230,000)	(23)	23	-	-
Net Income	-	-	-	-		-	-	-	-	624,118	624,118
Balance, December 31, 2013	20,000	2	6,666	1		-	1,510,950	151	48,203,058	(48,969,044)	(765,832
Issuance of preferred stock in connection with the conversion of debt and accrued interest	-	-	-	-	5,000,000	500	-	-	132,775	-	133,275
Sale of common stock	-	-	-	-	-	-	10,000,000	1,000	499,000	-	500,000
	-	-	-	-	-	-	-	-	179,834	-	179,834

Stock-based compensation in connection with options granted											
Issuance of common stock in connection with a license agreement	-	-	-	-	-	-	2,222,222	222	2,222,000	-	2,222,22
Preferred stock deemed dividend in connection with issuance of preferred stock	-	-	-	-	-	-	-	-	133,274	(133,274)	-
Net loss	-	-	-	-	-	-	-	-	-	(411,234)	(411,234
Balance, December 31, 2014	20,000	$2	6,666	$1	5,000,000	$500	13,733,172	$1,373	$51,369,941	$(49,513,552)	$1,858,26

See accompanying notes to consolidated financial statements.

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Orbital Tracking Corp. and Subsidiary
Consolidated Statements of Cash Flows

	For the Years Ended December 31, 2014		For the Years Ended December 31, 2013	
Cash Flows From Operating Activities:				
Net (loss) income	$	(411,234)	$	624,118
Adjustments to reconcile net loss to net cash used in operations				
Amortization of debt discount		-		33,272
Interest expense in connection with the conversion of debentures		-		68,147
Amortization of prepaid license fee		12,545		-
Change in fair value of derivative liabilities		(7,006)		(32,614)
Stock based consulting expense		179,834		-
Gain from settlement of debt		-		(1,285,872)
Changes in operating assets and liabilities:				
Accounts receivable		(8,410)		-
Prepaid expenses - current portion		(10,000)		7,500
Accounts payable and accrued expenses		34,365		585,429
Net Cash Used In Operating Activities		(209,906)		(20)
Cash Flows From Investing Activities:				
Purchase of intangible assets		(250,000)		-
Net Cash Used In Investing Activities		(250,000)		-
Cash Flows From Financing Activities:				
Proceeds from issuance of common stock		500,000		-
Proceeds from related party advances		2,043		-
Net proceeds from a loan - related party		35,000		-
Net Cash Provided by Financing Activities		537,043		-
Net increase (decrease) in Cash		77,137		(20)
Cash at Beginning of Year		-		20
Cash at End of Year	$	77,137	$	-
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for taxes	$	-	$	-
Supplemental disclosure of non-cash investing and financing activities:				
Operating expenses paid by a minority stockholder directly to the Company's vendors	$	-		19,675

Issuance of common stock for convertible debentures - principal amount	$	-	243,382
Reclassification of derivative liability to equity	$	-	6,332
Issuance of common stock in connection with a license agreement	$	2,222,222	-
Preferred stock deemed dividend	$	133,274	-
Issuance of preferred stock for debt and accrued interest	$	133,275	-

See accompanying notes to consolidated financial statements.

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ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

Orbital Tracking Corp. (the "Company") was formerly Great West Resources, Inc., a Nevada corporation. The Company is a provider of satellite based hardware, airtime and related services both in the United States and internationally. The Company's principal focus is on growing the Company's existing satellite based hardware, airtime and related services business line and developing the Company's own tracking devices for use by retail customers worldwide.

A wholly-owned subsidiary, Orbital Satcom Corp. ("Orbital Satcom"), a Nevada corporation was formed on November 14, 2014.

On March 28, 2014, the Company merged with and into a wholly-owned subsidiary of the Company ("Great West") solely for the purpose of changing its state of incorporation to Nevada from Delaware (the "Reincorporation"), effecting a 1:150 reverse split of its common stock, and changing its name to Great West Resources, Inc. in connection with the plans to enter into the business of potash mining and exploration. During late 2014 the Company abandoned its efforts to enter the potash mining and exploration business. All references in the audited consolidated financial statement and notes thereto have been retroactively restated to reflect the reverse stock split of 1:150.

On the effective date of the Merger:

(a) Each share of the Company's Common Stock issued and outstanding immediately prior to the effective date changed and converted into 1/150th fully paid and non-assessable shares of Great West Common Stock;

(b) Each share of the Company's Series A Preferred Stock issued and outstanding immediately prior to the effective date changed and converted into 1/150th fully paid and non-assessable shares of the Great West Series A Preferred Stock;

(c) Each share of the Company's Series D Preferred Stock issued and outstanding immediately prior to the effective date changed and converted into 1/150th fully paid and non-assessable shares of the Great West Series B Preferred Stock;

(d) All options to purchase shares of the Company's Common Stock issued and outstanding immediately prior to the effective date changed and converted into equivalent options to purchase 1/150th of a share of Great West Common Stock at an exercise price of $0.0001 per share;

(e) All warrants to purchase shares of the Company's Common Stock issued and outstanding immediately prior to the effective date changed and converted into equivalent warrants to purchase 1/150th of a share of Great West Common Stock at 150 times the exercise price of such converted warrants; and

(f) Each share of Great West Common Stock issued and outstanding immediately prior to the Effective Date were canceled and returned to the status of authorized but unissued Great West Common Stock.

The Company was originally incorporated in 1997 in Florida. On April 21, 2010, the Company merged with and into a wholly-owned subsidiary for the purpose of changing its state of incorporation to Delaware and changing its state of

incorporation to Delaware, effecting a 2:1 forward split of its common stock, and changing its name to EClips Media Technologies, Inc. On April 25, 2011, the Company changed its name to Silver Horn Mining Ltd. pursuant to a merger with a wholly-owned subsidiary.

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ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

Discontinued Operations

The Company’s former operations were developing and manufacturing products and services, which reduce fuel costs, save power and energy and protect the environment. The products and services were made available for sale into markets in the public and private sectors. In December 2009, the Company discontinued these operations and disposed of certain of its subsidiaries, and prior periods have been restated in the Company’s condensed consolidated financial statements and related footnotes to conform to this presentation.

The remaining liabilities for discontinued operations are presented in the consolidated balance sheets under the caption “Liabilities of discontinued operation” and relates to the discontinued operations of developing and manufacturing of energy saving and fuel efficient products and services. The carrying amounts of the major classes of these liabilities as of December 31, 2014 and 2013 are summarized as follows:

	December 31, 2014	December 31, 2013
Assets of discontinued operations	$-	$-
Liabilities		
Accounts payables and accrued expenses	$(112,397)	$(112,397)
Liabilities of discontinued operations	$(112,397)	$(112,397)

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiary. All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities, preferred deemed dividend and common stock issued for services.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with a high credit quality financial institution. The Company’s account at this institution is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. At December 31, 2014, the Company has not reached bank balances exceeding the FDIC insurance limit on interest bearing accounts. 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.

ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

Accounts receivable and allowance for doubtful accounts

The Company has a policy of reserving for questionable 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. As of December 31, 2014 and 2013, there is no allowance for doubtful accounts.

Revenue Recognition

The Company recognizes revenue from satellite services when earned, as services are rendered or delivered to customers. Equipment sales revenue is recognized when the equipment is delivered to and accepted by the customer. Only equipment sales are subject to warranty. Historically, the Company has not incurred significant expenses for warranties.

The Company's customers generally purchase a combination of our products and services as part of a multiple element arrangement. The Company's assessment of which revenue recognition guidance is appropriate to account for each element in an arrangement can involve significant judgment. This assessment has a significant impact on the amount and timing of revenue recognition.

Revenue is recognized when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists. Contracts and customer purchase orders are generally used to determine the existence of an arrangement.

- Delivery has occurred. Shipping documents and customer acceptance, when applicable, are used to verify delivery.

- The fee is fixed or determinable. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment.

- Collectability is reasonably assured. We assess collectability based primarily on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

In accordance with ASC 605-25, Revenue Recognition — Multiple-Element Arrangements, based on the terms and conditions of the product arrangements, the Company believes that its products and services can be accounted for separately as its products and services have value to the Company's customers on a stand-alone basis. When a transaction involves more than one product or service, revenue is allocated to each deliverable based on its relative fair value; otherwise, revenue is recognized as products are delivered or as services are provided over the term of the customer contract.

Cost of Product Sales and Services

Cost of sales consists primarily of materials, labor and overhead costs incurred internally and amounts incurred to contract manufacturers to produce our products, personnel and other implementation costs incurred to install our products and train customer personnel, and customer service and third party original equipment manufacturer costs to provide continuing support to our customers.

Shipping and handling costs are included as a component of costs of product sales in the Company's consolidated statements of operations because the Company includes in revenue the related costs that the Company bill its customers.

Prepaid expenses – current and long-term portion

Prepaid expenses – current and long-term portion amounted to $232,222 and $1,987,455 at December 31, 2014, respectively. Prepaid expenses include prepayments in cash for accounting fees and prepayments in equity instruments license fees which are being amortized over the terms of their respective agreements. The current portion consists primarily of costs paid for future services which will occur within a year and the long-term portion consist primarily of costs paid for future services after one year.

Intangible assets

Intangible assets include customer contracts purchased and recorded based on the cost to acquire them. These assets are amortized over 10 years. 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 reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. 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 amount of impairment is measured as the difference between the asset's estimated fair value and its book

value. The Company did not consider it necessary to record any impairment charges during the years ended December 31, 2014 and 2013 respectively.

ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

Fair value of financial instruments

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures", 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 which establishes a framework for measuring fair value and expands disclosure about such fair value measurements.

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.

The following table presents a reconciliation of the derivative liability measured at fair value on a recurring basis using significant unobservable input (Level 3) from January 1, 2013 to December 31, 2014:

	Conversion feature derivative liability	Warrant liability	Total
Balance at January 1, 2013	$ 14,996	$ 35,892	$ 50,888
Reclassification of derivative liability upon conversion of debt to equity	(6,332)	—	(6,332)
Change in fair value included in earnings	(8,664)	(23,950)	(32,614)
Balance at December 31, 2013	—	11,942	11,942
Change in fair value included in earnings	—	(7,006)	(7,006)
Balance at December 31, 2014	$ —	$ 4,936	$ 4,936

The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with the accounting guidance. The carrying amounts reported in the balance sheet for cash, accounts payable, and accrued expenses approximate their estimated fair market value based on the short-term maturity of the instruments.

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.

ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10") 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 ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions 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 more likely than 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 at 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 benefit associated with tax positions taken that exceed 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 more likely than not to be 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 positions 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 IRS and state taxing authorities, generally for three years after they are filed.

Earnings per Common Share

Net income (loss) per common share is calculated in accordance with ASC Topic 260: Earnings Per Share ("ASC 260"). Basic income (loss) per share is computed by dividing net income (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. In periods where the Company has a net loss, all dilutive securities are excluded.

ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

The following are dilutive common stock equivalents during the year ended:

	December 31, 2014	December 31, 2013
Convertible preferred stock	100,053,330	53,330
Stock Options	60,000	-
Stock Warrants	245,000	245,000
Total	100,358,330	298,330

Recent Accounting Pronouncements

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements—Going Concern." The provisions of ASU No. 2014-15 require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is currently assessing the impact of ASU No. 2014-15 on the Company's consolidated financial statements once adopted.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 2 - GOING CONCERN CONSIDERATIONS

The accompanying consolidated financial statements are prepared assuming the Company will continue as a going concern. At December 31, 2014, the Company had an accumulated deficit of approximately $49.5 million, a working capital deficiency of approximately $379,000 and net loss of approximately $411,000 during the year ended December 31, 2014. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining additional capital and financing. Management intends to attempt to raise additional funds by way of a public or private offering. While the Company believes in the viability of its strategy to raise additional funds, there can be no assurances to that effect. The consolidated financial statements do not include any adjustments relating to classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 – PREPAID LICENSE FEES

On December 10, 2014, the Company, Orbital Satcom, Global Telesat Corp. ("GTC") and World Surveillance Group, Inc. ("World"), which owns 100% of GTC, entered into a license agreement (the "License Agreement") pursuant to which GTC granted to Orbital Satcom a fully-paid and irrevocable non-exclusive license to use certain equipment owned by GTC or its affiliates consisting of "appliques" in connection with the Globalstar Contracts (the "Globalstar

Appliques”). Appliques are demodulator and RF interfaces located at various ground stations (or “gateways”).

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The License Agreement is a fully-paid and irrevocable non-exclusive license to Orbital Satcom to use the Globalstar Appliques and includes the full right to utilize the Globalstar Appliques used by GTC prior to and following the date of grant. The GTC License has a term of 10 years. In consideration of the License Agreement, the Company issued GTC 2,222,222 shares of the Company's common stock. In connection with the License Agreement, World, GTC, the Company and Orbital Satcom agreed that GTC shall receive a discount of 25% on the Company's standard pricing on messaging air-time in connection with GTC's business. The Company valued these common shares at the fair value of approximately $1.00 per common share or $2,222,222 based on the quoted trading price on the execution date of the license agreement.

Mr. David Phipps, the Company's current CEO, is the founder of GTC and its former President. Prior to December 10, 2014, Mr. Phipps had no affiliation with the Company.

Amortization of prepaid license fees is included in general and administrative expenses as reflected in the accompanying consolidated statements of operations. Amortization expense for the year ended December 31, 2014 was $12,545. Prepaid license fees – current and long-term portion amounted to $222,222 and $1,987,455 at December 31, 2014, respectively, and are included in prepaid expenses. Future amortization of prepaid license fees is as follows:

2015	$ 222,222
2016	222,222
2017	222,222
2018	222,222
2019 and thereafter	1,320,789
Total	$2,209,677

NOTE 4 – INTANGIBLE ASSETS

On December 10, 2014, the Company entered the satellite voice and data equipment sales and service business through the purchase of certain contracts from GTC. These contracts permit the Company to utilize the Globalstar, Inc. and Globalstar LLC (collectively, "Globalstar") mobile satellite voice and data network. The purchase price for the contracts of $250,000 was paid by the Company under an asset purchase agreement by and among the Company, its wholly-owned subsidiary Orbital Satcom, GTC and World Surveillance Group, Inc.

Included in the purchased assets are: (i) the rights and benefits granted to GTC under each of the Globalstar Contracts, subject to certain exclusions, (ii) account and online access to the Globalstar Cody Simplex activation system, (iii) GTC's existing customers who are serviced pursuant to the Globalstar Contracts (only as to their business directly and exclusively related to the Globalstar Contracts), and (iv) all of GTC's rights and benefits directly and exclusively related to the Globalstar Contracts.

Amortization of customer contracts will be included in general and administrative expenses. The Company shall begin amortizing the customer contracts in January 2015. Future amortization of intangible assets is as follows:

2015	$ 25,000
2016	25,000
2017	25,000
2018	25,000
2019 and thereafter	150,000

Total	$	250,000

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NOTE 5 – LOAN PAYABLE – RELATED PARTY

Between March 2014 and May 2014, an affiliated company loaned a total of $35,000 to the Company. This loan was non-interest bearing and was due on demand. The proceeds were used for working capital purposes. The affiliated company is owned by a shareholder who at the time was the beneficial owner of 5% or more of the Company's common stock. In October 2015, the lender assigned the loan to another affiliated entity (see Note 10). On October 15, 2014, pursuant to the exchange agreement, the affiliated entity exchanged the notes and relinquished any and all other rights it may have pursuant to the notes in exchange for 750,000 shares of newly designated Series D Convertible Preferred Stock (see Note 7 and Note 10). As of December 31, 2014, the loan payable amounted to $0.

NOTE 6 – CONVERTIBLE DEBENTURES AND NOTES PAYABLE

Convertible Debentures

On November 8, 2013, the Company entered into a note amendment agreement with the lender of the remaining outstanding balance of the 6% convertible debentures amounting to $137,500 pursuant to which the lender agreed to change the conversion price of $137,500 convertible notes to $4.50 per share from $7.50 (post-split) per share. Such lender was at the time of the transaction a holder of 5% or more of the Company's common stock. On November 8, 2013, the Company issued an aggregate of 30,556 shares of common stock in connection with the conversion of the remaining balance of the 6% convertible debenture which amounted to $137,500 at the new conversion price. The Company accounted the reduction of the conversion price per share and such conversion under ASC 470-20-40 "Debt with Conversion and Other Options" and accordingly, during the year ended December 31, 2013, the Company recorded interest expense of $38,500 which is equal to the fair value of shares issued in excess of the fair value issuable pursuant to the original conversion terms.

In accordance with ASC Topic 815 "Derivatives and Hedging", the convertible debentures and warrants above included a down-round provision under which the conversion price could be affected by future equity offerings. Instruments with down-round protection are not considered indexed to a company's own stock under ASC Topic 815, because neither the occurrence of a sale of common stock by the company at market nor the issuance of another equity-linked instrument with a lower strike price is an input to the fair value of a fixed-for-fixed option on equity shares. During fiscal year 2011, the down-round provisions for convertible debentures and warrants that were issued during fiscal 2010 were terminated after 18 months from such issuance pursuant to the Debenture agreement and thus no longer considered derivatives. However, the down-round provisions for the warrants that were issued in May 2012 are considered derivatives as of December 31, 2014 (see Note 11).

Convertible Notes Payable

On November 8, 2013, the Company entered into note amendment agreements with certain investors pursuant to which the parties agreed to change the conversion price of $105,882 convertible notes to $4.50 per share from $7.50 (post-split) per share. On November 8, 2013, the Company issued an aggregate of 23,529 shares of common stock in connection with the conversion of each of the amended notes at the new conversion price. The Company accounted the reduction of the conversion price per share and such conversion under ASC 470-20-40 "Debt with Conversion and Other Options" and accordingly, during the year ended December 31, 2013, the Company recorded interest expense of $29,647 which is equal to the fair value of shares issued in excess of the fair value issuable pursuant to the original conversion terms.

On October 15, 2014, the Company entered into a series of exchange agreement with certain former holders of convertible debentures who had previously converted the debentures but who were still owed unpaid interest on the debentures in the aggregate amount of $98,275. Pursuant to the exchange agreements, the holders exchanged the right to receive unpaid interest and relinquished any and all other rights that they may have pursuant to the debentures in exchange for 4,250,000 shares of newly designated Series D Convertible Preferred Stock (see Note 7 and Note 10).

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Total amortization of debt discounts for the convertible debentures amounted to $0 and $33,272 for the years ended December 31, 2014 and 2013, respectively, and was included in interest expense. Accrued interest as of December 31, 2014 and 2013 amounted to $0 and $98,275 respectively, and was included in accounts payable and accrued expenses as reflected in the accompanying consolidated balance sheets.

At December 31, 2014 and 2013, outstanding balance of convertible debentures and notes payable was $0.

NOTE 7 – STOCKHOLDERS' EQUITY (DEFICIT)

Capital Structure

On March 28, 2014, in connection with the Reincorporation (see Note 1), all share and per share values for all periods presented in the accompanying consolidated financial statements are retroactively restated for the effect of the Reincorporation.

The authorized capital of the Company consists of 200,000,000 shares of common stock, par value $0.0001 per share and 20,000,000 shares of preferred stock, par value $0.0001 per share.

Preferred Stock

Series A Convertible Preferred Stock

On March 28, 2014, in connection with the merger with and into the Company's former subsidiary Great West Resources, Inc., each issued and outstanding share of the Company's Series A Convertible Preferred Stock, par value $0.0001 per share, was converted into 1/150th shares of Series A Convertible Preferred Stock, par value $0.0001 per share, for a total of 20,000 issued and outstanding shares of Series A Convertible Preferred Stock. Pursuant to the Series A Certificate of Designation, the Company designated 20,000 shares of its blank check preferred stock as Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred Stock is convertible into one share each of our common stock, subject to equitable adjustments after such events as stock dividends, stock splits or fundamental corporate transactions. The holders of our Series A Convertible Preferred Stock are entitled to 250 votes for each share of Series A Convertible Preferred Stock owned at the record date for the determination of shareholders entitled to vote, or, if no record date is established, at the date such vote is taken or any written consent of shareholders is solicited. In the event of a liquidation, dissolution or winding up of our business, the holder of the Series A Convertible Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series A Convertible Preferred Stock's preferential payment and over our common stock.

As of December 31, 2014 and 2013, 20,000 shares of Series A Convertible Preferred Stock, $0.0001 par value were authorized with 20,000 issued and outstanding.

Series B Convertible Preferred Stock

On March 28, 2014, in connection with the merger with and into the Company's former subsidiary Great West Resources, Inc., each issued and outstanding share of the Company's Series D Convertible Preferred Stock, par value $0.0001 per share, was converted into 1/150th shares of Series B Convertible Preferred Stock, par value $0.0001 per share, for a total of 6,666 issued and outstanding shares of Series B Convertible Preferred Stock. Pursuant to the

Series B Certificate of Designation, the Company designated 30,000 shares of its blank check preferred stock as Series B Convertible Preferred. Each share of Series B Convertible Preferred has a stated value of $0.0001 per share.

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In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series B Convertible Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series B Convertible Preferred Stock's preferential payment and over our common stock. The Series B Convertible Preferred is convertible into five (5) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series B Convertible Preferred to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series B Convertible Preferred. Each share of Series B Convertible Preferred entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series B Convertible Preferred entitles the holder to cast one (1) votes per share of Series B Convertible Preferred owned at the time of such vote, subject to the 4.99% beneficial ownership limitation.

As of December 31, 2014 and 2013, 30,000 shares of Series B Convertible Preferred Stock, $0.0001 par value were authorized with 6,666 issued and outstanding.

Series C Convertible Preferred Stock

On October 10, 2014, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series C Convertible Preferred Stock, setting forth the rights, powers, and preferences of the Series C Convertible Preferred Stock. Pursuant to the Series C Certificate of Designation, as amended on February 19, 2015, the Company designated 4,000,000 shares of its blank check preferred stock as Series C Convertible Preferred Stock. Each share of Series C Convertible Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series C Convertible Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series C Convertible Preferred Stock's preferential payment and over our common stock. The Series C Convertible Preferred is convertible into ten (10) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series C Convertible Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series C Convertible Preferred. Each share of Series C Convertible Preferred Stock entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series C Convertible Preferred entitles the holder to cast ten (10) votes per share of Series C Convertible Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation.

As of December 31, 2014, 3,000,000 shares of Series C Convertible Preferred Stock, $0.0001 par value were authorized with none issued and outstanding. As of December 31, 2013, no shares of Series C Convertible Preferred Stock were authorized or issued. On February 19, 2015, the Company filed an amendment to the Certificate of Designation of Rights and Preferences of its Series C Convertible Preferred Stock, increasing the authorized shares of Series C Convertible Preferred Stock to 4,000,000 from 3,000,000.

Series D Convertible Preferred Stock

On October 15, 2014, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series D Convertible Preferred Stock, setting forth the rights, powers, and preferences of the Series D Convertible Preferred Stock. Pursuant to the Series D Certificate of Designation, the Company designated 5,000,000 shares of its blank check preferred stock as Series D Convertible Preferred Stock. Each share of Series D

Convertible Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series D Convertible Preferred Stock would have preferential payment and distribution rights over any other class or series of capital stock that provide for Series D Convertible Preferred Stock's preferential payment and over our common stock. The Series D Convertible Preferred is convertible into twenty (20) shares of the Company's common stock. The Company is prohibited from effecting the conversion of the Series D Convertible Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 4.99%, in the aggregate, of the issued and outstanding shares of common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series D Convertible Preferred Stock.

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Each share of Series D Convertible Preferred Stock entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series D Convertible Preferred Stock entitles the holder to cast twenty (20) votes per share of Series D Convertible Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation.

On October 15, 2014, the Company entered into an exchange agreement with a holder of promissory notes who is considered a related party in the aggregate principal face amount of $35,000 previously issued by the Company (see Note 5). Pursuant to the exchange agreement, the note holder exchanged the notes and relinquished any and all other rights it may have pursuant to the notes in exchange for 750,000 shares of newly designated Series D Convertible Preferred Stock.

Also on October 15, 2014, the Company entered into a series of exchange agreement with certain former holders of convertible debentures who had previously converted the debentures but who were still owed unpaid interest on the debentures in the aggregate amount of $98,275. Pursuant to the exchange agreements, the holders exchanged the right to receive unpaid interest and relinquished any and all other rights that they may have pursuant to the debentures in exchange for 4,250,000 shares of newly designated Series D Convertible Preferred.

As a result of the conversion of debt and accrued interest on October 15, 2014 into Series D Convertible Preferred, the Company recorded a deemed dividend of $133,274 for the additional value of the beneficial conversion feature.

As of December 31, 2014, there were 5,000,000 shares of Series D Convertible Preferred Stock authorized and 5,000,000 shares issued and outstanding, respectively. As of December 31, 2013, no shares of Series D Convertible Preferred Stock were authorized or issued.

Common Stock

On November 8, 2013, Daniel Bleak resigned from all of his positions with the Company, including director, President, Chief Executive Officer, Chief Financial Officer, Treasurer, Secretary, and Chairman of the board of directors. On November 8, 2013, the Company and Daniel Bleak entered into an agreement to cancel 230,000 shares of common stock held by Mr. Bleak pursuant to the terms of a cancellation and recapitalization agreement. The Company valued and recorded the cancelled shares at par value or $23 in additional paid in capital.

On November 8, 2013, the Company entered into note amendment agreements with certain investors pursuant to which the parties agreed to change the conversion price of $243,382 convertible notes to $4.50 per share from $7.50 (post-split) per share. Also on November 8, 2013, the Company issued an aggregate of 54,085 shares of common stock in connection with the conversion of each of the amended notes at the new conversion price. The Company accounted the reduction of the conversion price per share and such conversion under ASC 470-20-40 “Debt with Conversion and Other Options” and accordingly, during the year ended December 31, 2013, the Company recorded interest expense of $68,147 which is equal to the fair value of shares issued in excess of the fair value issuable pursuant to the original conversion terms (see Note 6).

Between September 29, 2014 and October 15, 2014, the Company sold an aggregate of 10 million shares of common stock for gross proceeds of $500,000.

On December 10, 2014, the Company entered into a license agreement (see Note 3) pursuant to which the Company was granted through its wholly-owned subsidiary, Orbital Satcom, a fully-paid and irrevocable non-exclusive license

to use certain equipment owned by GTC or its affiliates consisting of "appliques" in connection with the Globalstar Contracts. In consideration of the License Agreement, the Company issued GTC 2,222,222 shares of the Company's common stock. The Company valued these common shares at the fair value of approximately $1.00 per common share or $2,222,222 based on the quoted trading price on the execution date of the license agreement.

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Stock Options

2014 Equity Incentive Plan

On January 21, 2014, the Board approved the adoption of a 2014 Equity Incentive Plan (the "2014 Plan"). The purpose of the 2014 Plan is to promote the success of the Company and to increase stockholder value by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons. The 2014 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other types of stock-based awards to the Company's employees, officers, directors and consultants. Pursuant to the terms of the 2014 Plan, either the Board or a board committee is authorized to administer the plan, including by determining which eligible participants will receive awards, the number of shares of common stock subject to the awards and the terms and conditions of such awards.

Unless earlier terminated by the Board, the Plan shall terminate at the close of business on January 21, 2024. Up to 34,000,000 shares of the Company's common stock are reserved for issuance under the 2014 Equity Incentive Plan as awards to employees, directors, consultants, advisors and other service providers.

On January 21, 2014, the board approved non-employee director fees of $1,000 per month and issued to each of Mr. Uribe and Mr. Bhansali, the Company's non-employee directors, a four year option to purchase up to 30,000 of the Company's issued and outstanding common stock at a cashless exercise price of $0.015 per share. The options vested immediately. On October 15, 2014, the Company entered into separation agreements with Mr. Uribe and Mr. Bhansali pursuant to which, in exchange for a release of all claims against the Company, each received a one-time severance payment of $2,500. The options shall forfeit three months after the resignation date.

The 60,000 options were valued on the grant date at approximately $3.00 per option or a total of $179,834 using a Black-Scholes option pricing model with the following assumptions: stock price of $3.00 per share (based on the quoted trading price on the grant date), volatility of 260%, expected term of 4 years, and a risk free interest rate of 0.81%. During the year ended December 31, 2014, the Company recorded stock based consulting expense related to options of $179,834.

For the years ended December 31, 2014 and 2013, the Company recorded stock-based compensation expense related to stock options of $179,834 and $0, respectively. At December 31, 2014 there was approximately $80,000 intrinsic value for the stock options outstanding. At December 31, 2014, there was no unrecognized compensation expense as all outstanding options have vested. A summary of the status of the Company's outstanding stock options and changes during the year ended December 31, 2014 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at January 1, 2014	—	$ —	—
Granted	60,000	0.015	4.0
Exercised	—	—	—
Forfeited	—	—	—

Cancelled	—	—	—
Balance outstanding at December 31, 2014	60,000	$ 0.015	3.06
Options exercisable at December 31, 2014	60,000	$ 0.015	
Weighted average fair value of options granted during the period		$ 3.00	

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Stock Warrants

The following table summarizes the Company’s stock warrants outstanding at December 31, 2014:

	Warrants Outstanding			Warrants Exercisable	
Exercise Price	Number Outstanding at December 31, 2014	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2014	Weighted Average Exercise Price
$3.75	240,000	0.29 Years	$3.75	240,000	$3.75
4.50	5,000	2.36 Years	4.50	5,000	4.50
$3.77	245,000	1.36 Years	$3.77	245,000	$3.77

There were no changes that occurred during the year ended December 31, 2014 and 2013. There were 245,000 warrants outstanding as of December 31, 2014 and 2013.

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 carry forwards. ASC Topic 740 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. The Company has a net operating loss carry forward for tax purposes totaling approximately $9.8 million at December 31, 2014, expiring through the year 2034. Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carry forwards after certain ownership shifts.

The table below summarizes the differences between the Company’s effective tax rate and the statutory federal rate as follows for the year ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Tax expense (benefit) computed at "expected" statutory rate	$ (139,800)	$ 212,200
State income taxes, net of benefit	(13,100)	38,111
Permanent differences :		
Stock based compensation and consulting	61,100	-
Loss (gain) from change in fair value of derivative liability	(2,300)	(11,088)
Amortization of debt discount and other non-cash interest	-	34,482
Increase (decrease) in valuation allowance	(94,100)	(273,705)
Net income tax benefit	$ -	$ -

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences, which give rise to a net deferred tax asset is as follows:

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Net operating loss carryforward	$ 9,824,400	$ 9,730,279
Total deferred tax assets	$ 9,824,400	$ 9,730,279
Deferred tax liabilities:		
Book basis of property and equipment in excess of tax basis	$ -	$ -
Total deferred tax liabilities	$ -	$ -
Net deferred tax asset before valuation allowance	$ 9,824,400	$ 9,730,279
Less: valuation allowance	(9,824,400)	(9,730,279)
Net deferred tax asset	$ -	$ -

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After consideration of all the evidence, both positive and negative, management has recorded a full valuation allowance at December 31, 2014 and 2013, due to the uncertainty of realizing the deferred income tax assets. The valuation allowance was increased by approximately $94,000.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Services and Employee Leasing Agreement

On June 1, 2011, the Company entered into a Services and Employee Leasing Agreement (the "Agreement") with MJI Resource Management Corp. ("MJI") pursuant to which the Company had agreed to pay MJI $15,000 a month and MJI agreed to make available to the Company six of its employees, including Mr. Bleak, for the purpose of performing management, operations, legal, accounting and resource location services. On August 1, 2011, the Company amended this Agreement whereby the Company had agreed to pay MJI $25,000 per month. On October 1, 2011, the Company entered into a third amendment of Agreement. Such amendment specifies the services and associated expenses in consideration for $25,000 a month as defined in the amended Agreement. Associated expenses include general administrative costs, rent, utilities and office supplies. The term of this Agreement was to commence for a period of 5 years. This Agreement may be terminated at any time by either party by giving a written notice to the other party and shall terminate 180 days following the delivery of such notice. Mr. Eckersley, a former director of the Company, was the former President of MJI, and Mr. Bleak, the former CEO of the Company, serves as the sole Officer and Chairman of the Board for MJI.

During the year ended December 31, 2014 and 2013, the Company incurred $0 and $225,000, respectively, of management fees. On November 8, 2013, this Agreement was terminated.

On November 8, 2013, contemporaneously with the termination of the Services and Employee Leasing Agreement with MJI, the Company entered into a debt forgiveness agreement with MJI, pursuant to which MJI forgave (i) $1,264,253 owed to them pursuant to outstanding invoices less $175,000 and (ii) all other debt incurred by the Company from January 1, 2011 through the November 8, 2013. The Company agreed to pay MJI $175,000 upon the closing of its future purchase of all or substantially all of the assets of a privately held or public operating company and simultaneous capital raising transaction (the "Financing") as (i) a cash payment, (ii) conversion into the applicable dollar amount of securities issued by the Company in the Financing upon the same terms provided to the other investors in the Financing or (iii) a combination of (i) and (ii).

Accordingly, during the year ended December 31, 2013, the Company recognized gain on settlement of debt of $1,089,253 in connection with this debt forgiveness agreement with MJI.

Consulting Agreement

On December 10, 2014, the Company entered into a two year agreement with a consultant to assist the Company with business development, corporate structure, strategic and business planning, selecting management and other functions reasonably necessary for advancing the business of the Company. The Company agreed to pay the consultant an aggregate of $240,000 payable in 24 equal monthly payments, at the sole discretion of the Company, of either (i) $10,000 cash or (ii) 200,000 shares of common stock. On January 28, 2015, the Company entered into a termination and cancellation agreement with the consultant whereby both parties agreed to terminate the contractual relationship and cancel 400,000 shares of common stock issued under this consulting agreement. The parties agreed that the consulting agreement has no further force and effect and neither party have any further obligations there under.

Debt forgiveness agreement

On November 8, 2013, the Company entered into a debt forgiveness agreement with Bond Media Group, Inc. ("Bond"), pursuant to which Bond forgave $196,619 owed to it pursuant to outstanding invoices and all other debt incurred by the Company from January 1, 2011 through the November 8, 2013. Accordingly, during the year ended December 31, 2013, the Company recognized gain on settlement of debt of $196,619 in connection with this debt forgiveness agreement with Bond Media Group, Inc.

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Litigation

From time to time, the Company may become involved in litigation relating to claims arising out of our operations in the normal course of business. The Company is not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which the Company is a party or to which any of the Company's properties is subject, which would reasonably be likely to have a material adverse effect on the Company's business, financial condition and operating results.

NOTE 10 – RELATED PARTY TRANSACTIONS

On November 8, 2013 the Company amended all $137,500 outstanding notes issued to Michael Brauser, a holder of 5% or greater of the Company's securities at the time, to change the conversion price from $7.50 to $4.50 and issued Mr. Brauser 30,556 shares of common stock upon conversion of the debt.

On November 8, 2013 the Company amended a $14,706 note issued to Sandor Capital Master Fund LP, a holder of 5% or greater of the Company's securities at the time, to change the conversion price from $7.50 to $4.50 and issued to Sandor Capital Master Fund LP 3,268 shares of common stock upon his conversion of the note.

On November 8, 2013 the Company amended the $23,529 note issued to Mr. Bleak, the former CEO of the Company, to change the conversion price from $7.50 to $4.50 and issued Mr. Bleak 5,229 shares of common stock upon his conversion of the note.

On November 8, 2013, Mr. Bleak cancelled 230,000 shares of common stock owned by him in connection with his resignation from all positions with the Company.

On November 8, 2013, contemporaneously with the termination of the Services and Employee Leasing Agreement with MJI, the Company entered into a debt forgiveness agreement with MJI, pursuant to which MJI forgave (i) $1,264,253 owed to it pursuant to outstanding invoices less $175,000 and (ii) all other debt incurred by the Company from January 1, 2011 through the November 8, 2013. The Company agreed to pay MJI $175,000 upon the closing of its future purchase of all or substantially all of the assets of a privately held or public operating company and simultaneous capital raising transaction (the "Financing") as (i) a cash payment, (ii) conversion into the applicable dollar amount of securities issued by the Company in the Financing upon the same terms provided to the other investors in the Financing or (iii) a combination of (i) and (ii).

On February 19, 2015, the Company issued 175,000 shares of common stock to MJI in full satisfaction of all outstanding debts pursuant to a new settlement agreement that supersedes the November 8, 2013 agreement. Up to 5,000 of the shares may be sold per day and the Company has a six month option to repurchase these shares at a purchase price of $0.75 per share.

On January 21, 2014, the Company entered into a consulting agreement with Mr. Glenn Kesner pursuant to which Mr. Kesner agreed to provide administrative and management services to the Company for compensation of $7,500 per month and reimbursement for the cost of group family health insurance. Mr. Kesner is the President of Auracana LLC, at the time a majority shareholder of the Company. Mr. Kesner was also appointed as Secretary of the Company on January 21, 2014. On October 15, 2014, Mr. Kesner resigned as the Secretary of the Company. The Company entered into a separation agreement with Mr. Kesner pursuant to which, in exchange for a release of all claims against the Company, Mr. Kesner received a one-time severance payment of $5,000.

On January 21, 2014, the Company entered into a securities purchase agreement with Auracana LLC, which was a majority stockholder of the Company at that time and an entity owned by Glenn Kesner, pursuant to which it sold to Auracana LLC its inactive wholly owned subsidiaries H-Hybrid Technologies, Inc., a Florida corporation and RZ Acquisition Corp., a New York corporation. The Company sold the subsidiaries to Auracana LLC for a purchase price of $1.00. At the time of the sale, the inactive subsidiaries had no assets and liabilities.

Between March 2014 and May 2014, Marlin Capital Investments, LLC, an entity affiliated with Barry Honig, a holder of 5% or greater of the Company's securities at the time, loaned a total of $35,000 to the Company without interest (see Note 5).

ORBITAL TRACKING CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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On August 18, 2014, the Company entered into a Mutual Release Agreement (the “Agreement”) whereby Patrick Avery resigned from all of his positions with the Company, including Chief Executive Officer, President, Chief Financial Officer, Treasurer, director and Chairman of the board of directors. Mr. Avery's resignation was not a result of any disagreement with the Company, its policies or management. Pursuant to the Agreement, Mr. Avery released and discharged the Company and its affiliates from any charges, liabilities and obligations.

On September 30, 2014, Sandor Capital Master Fund LP purchased 8 million shares of the Company’s common stock at a purchase price of $0.05 per share.

On October 8, 2014, the Company entered into an exchange agreement with Sandor Capital Master Fund LP, who had purchased the $35,000 note from Marlin Capital Investments, LLC (see Note 5). Pursuant to the exchange agreement, Sandor Capital Master Fund LP exchanged the note and relinquished any and all other rights it may have pursuant to the note in exchange for 750,000 shares of the Company’s newly designated Series D Convertible Preferred Stock.

Also on October 15, 2014, the Company entered into a series of exchange agreements with Mr. Brauser, Mr. Honig and affiliates of Mr. Honig who had previously converted outstanding debentures but who were still owed unpaid interest on the debentures in the aggregate amount of $98,275 (see Note 6). Pursuant to the exchange agreements, the holders exchanged the right to receive unpaid interest and relinquished any and all other rights they may have pursuant to the debentures in exchange for 4,250,000 shares of newly designated Series D Convertible Preferred Stock.

On December 10, 2014, the Company purchased certain contracts from GTC for $250,000 pursuant to an asset purchase agreement by and among the Company, its wholly owned subsidiary Orbital Satcom, GTC and World (see Note 4). Also on December 10, 2014, the Company, Orbital Satcom, GTC and World entered into a license agreement pursuant to which GTC granted to Orbital Satcom a fully-paid and irrevocable non-exclusive license to use certain equipment owned by GTC or its affiliates consisting of “appliques” in connection with the purchased contracts (see Note 3).

During the year ended December 31, 2014, the Company paid consulting fees of $15,000 to an affiliated company. The President of the affiliated company is the CFO of the Company.

NOTE 11 – DERIVATIVE LIABILITIES

In June 2008, a FASB approved guidance related to the determination of whether a freestanding equity-linked instrument should be classified as equity or debt under the provisions of FASB ASC Topic No. 815-40, Derivatives and Hedging – Contracts in an Entity’s Own Stock. The adoption of this requirement will affected accounting for convertible instruments and warrants with provisions that protect holders from declines in the stock price (“down-round” provisions). Warrants with such provisions are no longer recorded in equity and are reclassified as a liability.

Instruments with down-round protection are not considered indexed to a company’s own stock under ASC Topic 815, because neither the occurrence of a sale of common stock by the company at market nor the issuance of another equity-linked instrument with a lower strike price is an input to the fair value of a fixed-for-fixed option on equity shares.

In connection with the issuance of its 6% convertible debentures and related warrants, the Company has determined that the terms of the convertible warrants include down-round provisions under which the exercise price could be affected by future equity offerings. Accordingly, the warrants are accounted for as liabilities at the date of issuance and adjusted to fair value through earnings at each reporting date. The Company has recognized derivative liabilities of $4,936 and $11,942 at December 31, 2014 and 2013, respectively. The gain resulting from the decrease in fair value of this convertible instrument was $7,006 and $32,614 for the years ended December 31, 2014 and 2013, respectively.

ORBITAL TRACKING CORP. AND SUBSIDIARY
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The Company used the following assumptions for determining the fair value of the convertible instruments granted under the Black-Scholes option pricing model:

	December 31, 2014	December 31, 2013
Expected volatility	357%	235% - 320%
Expected term	2.36 Years	0.48 – 3.61 Years
Risk-free interest rate	0.67%	0.09% - 1.39%
Expected dividend yield	0%	0%

NOTE 12 – SUBSEQUENT EVENTS

On January 22, 2015, the Company changed its legal corporate name to Orbital Tracking Corp. from Great West Resources, Inc. The Company effectuated the name change through a short-form merger pursuant to Chapter 92A of the Nevada Revised Statutes where a subsidiary formed solely for the purpose of the name change was merged with and into the Company, with the Company as the surviving corporation in the merger. The merger had the effect of amending the Company's Articles of Incorporation to reflect its new legal name.

The Company settled in full approximately $156,000 of amount owed to certain vendors on January 23, 2015. On such date the Company paid one vendor $35,000 and issued the vendors an aggregate of 1,650,000 shares of the Company's common stock. The Company further agreed that upon the close of its next financing, it would pay the vendors additional $10,000 cash, issue 850,000 shares of common stock or securities convertible into 850,000 shares of common stock and convert an aggregate of $56,221 into securities on the same terms offered to investors in the Company's next qualified financing as defined in the settlement agreements. On February 19, 2015, the closing day of the private placement (see below), the Company issued an aggregate of 197,442 of the Company's Series C Convertible Preferred Stock pursuant to the settlement agreements.

The Company entered into a settlement agreement and release with a vendor pursuant to which the vendor settled in full $21,264 amount owed on January 26, 2015 for legal services rendered. The Company paid the vendor $2,646 as settlement payment and both parties have agreed to mutually release and discharge the Company from any liabilities and future claims arising from such obligation.

On February 11, 2015, the Company entered into exchange agreements with each of Sandor Capital Master Fund LP and Point Capital, Inc. Pursuant to the exchange agreements, Sandor Capital Master Fund LP exchanged 8 million shares of common stock for 800,000 shares of the Company's Series C Convertible Preferred Stock and Point Capital, Inc. exchanged 2 million shares of common stock for 200,000 shares of Series C Convertible Preferred Stock.

On February 19, 2015, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation for the Series E Convertible Preferred Stock, setting forth the rights, powers, and preferences of the Series E Convertible Preferred Stock. Pursuant to the Series E Certificate of Designation, the Company designated 8,746,000 shares of its blank check preferred stock as Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock has a stated value equal to its par value of $0.0001 per share. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series E Convertible Preferred Stock would

have preferential payment and distribution rights over any other class or series of capital stock that provide for Series E Convertible Preferred Stock's preferential payment and over our common stock. The Series E Convertible Preferred is convertible into ten (10) shares of the Company's common stock. Each share of Series E Convertible Preferred Stock entitles the holder to vote on all matters voted on by holders of common stock as a single class. With respect to any such vote, each share of Series E Convertible Preferred Stock entitles the holder to cast ten (10) votes per share of Series E Convertible Preferred Stock owned at the time of such vote, subject to the 4.99% beneficial ownership limitation.

On February 19, 2015, the Company entered into a Share Exchange Agreement (the "Exchange Agreement") with Global Telesat Communications Limited, a Private Limited Company formed under the laws of England and Wales ("GTCL") and all of the holders of the outstanding equity of GTCL (the "GTCL Shareholders"). Upon closing of the transactions contemplated under the Exchange Agreement (the "Share Exchange"), the GTCL Shareholders (7 members) transferred all of the issued and outstanding equity of GTCL to the Company in exchange for (i) an aggregate of 2,540,000 shares of the common stock of the Company and 8,746,000 shares of the newly issued Series E Convertible Preferred Stock of the Company with each share of Series E Convertible Preferred Stock convertible into ten shares of common stock, (ii) a cash payment of $375,000 (the "Cash Payment") and (iii) a one-year promissory note in the amount of $122,536 (the "Note"). Such exchange caused GTCL to become a wholly owned subsidiary of the Company.

ORBITAL TRACKING CORP. AND SUBSIDIARY
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DECEMBER 31, 2014

The completion of the Share Exchange resulted in a change of control. The Share Exchange was accounted for as a reverse acquisition and re-capitalization. The GTCL Shareholders obtained approximately 39% of voting control on the date of Share Exchange. GTCL 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 GTCL and was recorded at the historical cost basis of GTCL, and the consolidated financial statements after completion of the Share Exchange included the assets and liabilities of the Company and GTCL, historical operations of GTCL and operations of the Company from the closing date of the Share Exchange. GTCL is one of the largest providers in Europe of retail satellite based hardware, airtime and services through various ecommerce storefronts, and one of the largest providers of personal satellite tracking devices. Following the closing of the Share Exchange, through the Company's wholly owned subsidiary, GTCL, the Company expands the Company's global satellite based business launched with the acquisition of various contracts by Orbital Satcom in December 2014 and will allow the Company to operate as a vertically integrated satellite services business with experienced management operating from additional locations in Poole, England in the United Kingdom and Aventura, Florida.

Also on February 19, 2015, David Phipps, the founder, principal owner and sole director of GTCL, was appointed President of Orbital Satcom Corp., the Company's wholly owned subsidiary. Following the transaction, Mr. Phipps was appointed Chief Executive Officer and Chairman of the Board of Directors of the Company. Mr. Phipps, who was one of the GTCL Shareholders, received 400,000 shares of the Company's common stock and 6,692,000 shares of Series E Convertible Preferred Stock in connection with the Share Exchange of GTCL shares, and was paid the Cash Payment and the Note. The Company also paid Mr. Phipps an additional $25,000 at closing as compensation for transition services previously provided by him to the Company in anticipation of the Share Exchange.

Upon the closing of the Share Exchange, Orbital Satcom entered into an employment agreement with Mr. Phipps (the "Phipps Employment Agreement"), whereby Mr. Phipps agreed to serve as the President of Orbital Satcom for a period of two years, subject to renewal, in consideration for an annual salary of $180,000. Additionally, under the terms of the Phipps Employment Agreement, Mr. Phipps shall be eligible for an annual bonus if the Company meets certain criteria, as established by the Board of Directors. Mr. Phipps remains the sole director of GTCL following the closing of the Share Exchange. Mr. Phipps and the Company entered into an Indemnification Agreement at the closing.

On February 19, 2015, the Company issued an aggregate of 1,675,000 shares of common stock to certain current consultants, former consultants and employees. These shares consist of (i) 250,000 shares of common stock issued to a consultant as compensation for services relating to the provision of satellite tracking hardware and related services, sales and lead generation, (ii) 1 million shares of common stock issued to a consultant as compensation for the design and delivery of dual mode gsm/Globalstar Simplex tracking devices and related hardware and intellectual property, (iii) 250,000 shares of common stock, subject to a one year lock up, issued to the Company's controller and (iv) 175,000 shares of common stock issued to MJI in full satisfaction of outstanding debts. MJI agreed to sell only up to 5,000 shares per day and the Company has a six month option to repurchase these shares at a purchase price of $0.75 per share.

On February 25, 2015, David Rector resigned as Chief Executive Officer of the Company and David Phipps was appointed Chief Executive Officer. Mr. Rector remains the Chief Financial Officer and a director of the Company.

On February 19, 2015, the Company issued to Mr. Rector, the current Chief Financial Officer and a director of the Company and former Chief Executive Officer of the Company, 850,000 shares of the Company's common stock and a seven year option to purchase 2,150,000 shares of common stock as compensation for services provided to the

Company. The options have an exercise price of $0.05 per share, were fully vested on the date of grant and shall expire in February 2022.

On February 19, 2015, the Company sold an aggregate of 550,000 units at a per unit purchase price of $2.00, in a private placement to certain accredited investors for gross proceeds of $1,100,000. Each unit consists of: forty (40) shares of the Company's common stock or, at the election of any purchaser who would, as a result of purchase of units become a beneficial owner of five (5%) percent or greater of the outstanding common stock of the Company, four (4) shares of the Company's Series C Convertible Preferred Stock, par value $0.0001 per share, with each share convertible into ten (10) shares of common stock. The 550,000 units sale included 15,000 units consisting of an aggregate of 600,000 shares of common stock and 535,000 units consisting of an aggregate of 2,140,000 shares of Series C Convertible Preferred Stock. Included in this 550,000 units private placement was a sale to Frost Gamma Investments Trust, a holder of 5% or more of its securities, of an aggregate of 450,000 units of its securities, with 15,000 units consisting of 40 shares of common stock per unit and 435,000 units consisting of 4 shares of its Series C Convertible Preferred Stock per unit at a purchase price of $2.00 per unit for gross proceeds to the Company of $900,000.

Immediately prior to the closing of the private placement, the Company filed an amendment to the Certificate of Designation of Rights and Preferences of its Series C Convertible Preferred Stock, increasing the authorized shares of Series C Convertible Preferred Stock to 4,000,000 from 3,000,000.

GLOBAL TELESAT COMMUNICATIONS LTD
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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of Global Telesat Communications Ltd

We have audited the accompanying balance sheets of Global Telesat Communications Ltd (the "Company"), as of December 31, 2014 and 2013 and the related statements of income and comprehensive income, stockholders' equity and cash flows for each of the two years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Telesat Communications Ltd as of December 31, 2014 and 2013 and the results of their operations and comprehensive income and their cash flows for each of the two years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ RBSM LLP

New York, New York

April 29, 2015

GLOBAL TELESAT COMMUNICATIONS LTD
BALANCE SHEETS AS OF

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	$65,892	$78,412
Accounts receivable, net	82,986	30,039
Inventory	183,780	132,695
Unbilled revenue	25,612	14,880
Other current assets	25,764	9,460
Total current assets	384,034	265,486
Property and equipment, net	58,413	47,380
Total assets	$442,447	$312,866
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$299,877	$184,092
Deferred revenue	28,891	18,838
Loan from funding circle	-	4,298
Note payable - related party	59,308	55,041
Total current liabilities	388,076	262,269
Total Liabilities	388,076	262,269
Stockholders' Equity:		
Common Shares, 1,000 authorized, issued and outstanding, no par	2,492	2,492
Accumulated deficit	52,728	46,237
Accumulated other comprehensive (loss) income	(849)	1,868
Total stockholder equity	54,371	50,597
Total liabilities and stockholders' equity	$442,447	$312,866

See accompanying notes are an integral part of these financial statements

GLOBAL TELESAT COMMUNICATIONS LTD
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	December 31, 2014	December 31, 2013
Net sales	$2,420,645	$1,536,129
Cost of sales	1,739,388	1,150,023
Gross profit	681,257	386,106
Operating expenses:		
Selling, general and administrative	640,065	346,054
Depreciation	20,602	18,031
Total operating expenses	660,667	364,085
Income before other expenses and income taxes	20,590	22,021
Other (income) expense		
Foreign currency exchange rate variance	7,325	4,264
Interest expense, net	-	2,006
Total other (income) expense	7,325	6,270
Income before income tax	13,265	15,751
Less income tax	(6,773)	(6,098)
Net income	$6,492	$9,652
Comprehensive Income:		
Net income	$6,492	$9,652
Foreign currency translation adjustments	(2,717)	5,938
Comprehensive Income	$3,775	$15,590

See accompanying notes are an integral part of these financial statements

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GLOBAL TELESAT COMMUNICATIONS LTD
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE TWO YEARS ENDED DECEMBER 31, 2014

	Ordinary Shares	Amount	Accumulated Deficit	Accumulated Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, January 1, 2013	1,000	$2,492	$ 36,584	$ (4,070)	$ 35,006
Comprehensive income	-	-	-	5,938	5,938
Net income	-	-	9,652	-	9,652
Balance, December 31, 2013	1,000	2,492	46,237	1,868	50,597
Comprehensive loss	-	-	-	(2,717)	(2,717)
Net income	-	-	6,492	-	6,492
Balance, December 31, 2014	1,000	$2,492	$ 52,729	$ (849)	$ 54,371

See accompanying notes are an integral part of these financial statements

GLOBAL TELESAT COMMUNICATIONS LTD
STATEMENTS OF CASH FLOWS FOR THE

	Year ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$6,492	$9,652
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	20,602	18,031
Change in operating assets and liabilities:		
Accounts receivable	(52,947)	27,456
Inventory	(51,085)	(45,362)
Unbilled revenue	(10,732)	(5,363)
Other current assets	(16,305)	(8,397)
Accounts payable and accrued liabilities	115,785	47,989
Excess payment over bank balance	-	(13,850)
Deferred revenue	10,053	15,785
Net cash provided by operating activities	21,863	45,941
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(31,635)	(33,612)
Net cash (used in) investing activities	(31,635)	(33,612)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Funding Circle loan	-	49,464
Repayment of Funding Circle loan	(4,298)	(45,166)
Proceeds from note payable, related party, net	4,267	51,537
Net cash (used in) provided by financing activities	(31)	55,835
Effect of exchange rate on cash	(2,717)	5,938
Net (decrease) increase in cash	(12,520)	74,102
Cash beginning of period	78,412	4,310
Cash end of period	$65,892	$78,412
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	$-	$2,006
Income tax	$6,425	$-

See accompanying notes are an integral part of these financial statements

GLOBAL TELESAT COMMUNICATIONS LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED DECEMBER 31, 2014

NOTE 1. NATURE OF OPERATION

Global Telesat Communications Ltd. (“GTC”, the “Company”) was formed in the 2008 and was incorporated under the laws of England and Wales.

GTC provides mobile voice and data communications services globally via satellite to government, defense industry and commercial users. GTC has an e-commerce mobile satellite solutions portal and is an authorized reseller of satellite telecommunications equipment and services offered by other leading satellite network providers such as Inmarsat, Iridium, Globalstar and Thuraya. GTC also has a new subscription based online tracking portal called GTCTrack, designed to attract new satellite and GSM tracking customers by offering an easy-to-use interface and compatibility with a wide range of devices.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

USE OF ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The Company’s financial statements include amounts that are based on management’s best estimates and judgments. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company recognizes revenue when all four of the following criteria are met: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred and title has transferred or services have been rendered; 3) our price to the buyer is fixed or determinable; and 4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company records unearned contract revenues and subscription fees as deferred revenues and their associated costs of sales as prepaid expenses. As of December 31, 2014 and 2013, the Company recognized $28,891 and $18,838 as deferred revenue ie revenue pertaining to next year or years but invoiced in that year. Deferred revenues from subscription fees and their related costs are amortized over the subscription term. Also during the year ended December 31, 2014 and 2013 recorded $25,612 and $14,880, respectively as unbilled revenue ie revenue pertaining to current year but invoiced in next year.

ACCOUNTS REVEIVABLE

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company’s estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company’s estimate of the allowance for doubtful accounts will change. At December 31, 2014 and 2013, the Company has deemed that no allowance for doubtful accounts was necessary.

FOREIGN CURRENCY TRANSLATION

The Company's reporting currency is US Dollars. The accounts of the Company's are maintained using the local currency (Great British Pound) as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are deferred as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuation on transactions denominated in a currency other than the functional currency are included in the statements of operations.

The relevant translation rates are as follows: For the year ended 2014 closing rate at 1.5576 US$: GBP, average rate at 1.6481 US$: GBP and for the year ended 2013 closing rate at 1.6488 US$: GBP, average rate at 1.5643 US$.

INCOME TAXES

The Company has adopted Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC740-10") which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce the deferred tax assets to an amount that will more likely than not be realized.

U.S. GAAP requires that, in applying the liability method, the financial statement effects of an uncertain tax position be recognized based on the outcome that is more likely than not to occur. Under this criterion the most likely resolution of an uncertain tax position should be analyzed based on technical merits and on the outcome that will likely be sustained under examination. There were no adjustments related to uncertain tax positions recognized during the years ended December 31, 2014 and 2013, respectively.

RESEARCH AND DEVELOPMENT

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company did not incur research and development expenses for the years ended December 31, 2014 and 2013.

SHIPPING COSTS

Shipping costs are included in selling expenses and totaled $89,648 and $55,897 for the years ended December 31, 2014 and 2013, respectively.

INVENTORIES

Inventories are valued at the lower of cost or market, using the first-in first-out cost method. The Company assesses the valuation of its inventories and reduces the carrying value of those inventories that are obsolete or in excess of the Company's forecasted usage to their estimated net realizable value. The Company estimates the net realizable value of such inventories based on analysis and assumptions including, but not limited to, historical usage, expected future demand and market requirements. A change to the carrying value of inventories is recorded to cost of goods sold.

NET EARNINGS (LOSS) PER COMMON SHARE

The Company computes earnings per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock. Diluted net income (loss) per share is computed using the weighted average number of common and common stock equivalent shares outstanding during the period. Dilutive common stock equivalents consist of shares issuable upon conversion of convertible notes, exercise of warrants and options. As of December 31, 2014 and 2013 the Company didn't have any common stock equivalents.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income is comprised of net income and all changes to the statements of stockholders' equity. For the Company, comprehensive income for the years ended December 31, 2014 and 2013 included net income and unrealized gains from foreign currency translation adjustments.

DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts payable, notes payable. The carrying values for the current financial assets and liabilities approximate fair value due to their short maturity.

PROPERTY AND EQUIPMENT

Property and equipment are carried at historical cost less accumulated depreciation. Depreciation is based on the estimated service lives of the depreciable assets and is calculated using the straight-line method. Expenditures that increase the value or productive capacity of assets are capitalized. Fully depreciated assets are retained in the property and equipment, and accumulated depreciation accounts until they are removed from service. When property and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Repairs and maintenance are expensed as incurred.
The estimated useful lives of property and equipment are generally as follows:

	Years
Office furniture and fixtures	4
Computer equipment	4
Website development	4

LONG LIVED ASSETS

The Company evaluates the fair value of long-lived assets on an annual basis or whenever events or changes in circumstances indicate that its carrying amounts may not be recoverable. Accordingly, any impairment of value is recognized when the carrying amount of a long-lived asset exceeds its fair value. The Company’s evaluations have not indicated any impairment of fair values.

RECENT ACCOUNTING PRONOUNCEMENT

The FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers. This ASU supersedes the revenue recognition requirements in Accounting Standards Codification 605 - Revenue Recognition and most industry-specific guidance throughout the Codification. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective on January 1, 2017 and should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Company has not yet determined the effect of the adoption of this standard and it is not expected to have a material impact on the Company’s financial position and results of operations.

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

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2014	December 31, 2013
Office furniture and fixtures	$69,411	$50,563
Computer equipment	11,155	8,913
Website development	42,283	35,500
	122,849	94,976
Less accumulated depreciation	(64,436)	(47,596)
Total	$58,413	$47,380

Depreciation expense was $20,602 and $18,031 for the years ended December 31, 2014 and 2013, respectively.

NOTE 4. INVENTORIES

At December 31, 2014 and 2013, inventories consisted of the following:

	December 31, 2014	December 31, 2013
Finished goods	$ 183,780	$ 132,695
	183,780	132,695
Less reserve for obsolete inventory	-	-
Total	$ 183,780	$ 132,695

For the years ended December 31, 2014 and 2013 the Company did not make any change for reserve for obsolete inventory.

NOTE 5. ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and accrued other liabilities consisted of the following:

	December 31, 2014	December 31, 2013
Accounts payable	$225,745	$166,948
Rental deposits	19,276	10,058
VAT liability	48,453	658
Total	$293,474	$177,664

NOTE 6. LOAN FROM FUNDING CIRCLE

On January 28, 2013 the Company entered into a loan for $49,464 (GBP 30,000) with Funding Circle. The loan is repayable in 12 equal monthly payments of $4,298 (GBP 2,606) and bears interest of 7.81% per annum. Interest paid

as of December 31, 2014 and 2013 are $176 and $1,936, respectively.

NOTE 7. COMMITMENTS

Lease Commitments
The Company's headquarters are located in Poole, UK. The lease was initially entered into in December 2010 and has a minimum three month term. The Company intends to continue to renew its lease agreement in three month terms. Currently, the Company is paying office rent on basis of $2,404 (GBP 1,450) per month. In December 2014, the Company renewed its lease agreement for office space at $2,404 per month.
Rent expense for year ended December 31, 2014 and 2013 is $29,250 and $24,491, respectively.

NOTE 8. RELATED PARTY TRANSACTIONS

The Company has received financing from the Company's Managing Director. No formal repayment terms or arrangements exist. The stockholder loans bear no interest and are due on demand. The accounts payable due to related party includes advances for inventory due to David Phipps. Total payments due to David Phipps as of December 31, 2014 and 2013 are $59,308 and $55,041, respectively.

NOTE 9. CONCENTRATIONS

Customers:

No customer accounted for 10% or more of the Company's revenues during the years ended December 31, 2014 and 2013.

Suppliers:

The following table sets forth information as to each supplier that accounted for 10% or more of the Company's purchases for the years ended December 31, 2014 and 2013.

Supplier	2014		2013	
Company A	21.4	%	35.5	%
Company B	20.8	%	9.2	%
Company C	17.7	%	20.5	%

NOTE 10. LITIGATION AND CONTINGENCIES

In the ordinary conduct of business, the Company is subject to periodic lawsuits, investigations and litigation claims, which the Company accrues for where appropriate and can be reasonably estimated. The Company cannot predict with certainty the ultimate resolution of such lawsuits, investigations and claims asserted against it. At December 31, 2014, the Company had no material contingencies.

The Company provides indemnification, to the extent permitted by law, to its officers, directors, employees and agents for liabilities arising from certain events or occurrences while the officer, director, employee, or agent is or was serving at our request in such capacity.

NOTE 11. INCOME TAXES

At December 31, 2014, the Company had no accumulated taxable losses available to offset future taxable income.

Pursuant to the UK Income Tax Laws, the Company is subject to enterprise income tax at a rate of 20%.

Details of income taxes in the statements of operations are as follows:

The table below summarizes the reconciliation of the Company's Income Tax provision (benefit) computed at the statutory U.S. Federal rate and the Actual tax provision:

	Year Ended December 31,			
	2014		2013	
Income tax (benefit) provision at Federal statutory rate	$	4,510	$	5,355
State Income taxes, net of Federal tax benefit		-		-
Tax effect of non-deductible expense		7,005		6,131
Foreign Rate Adjustment		(4,742)		(5,388)
Tax Provision	$	6,773	$	6,098

The Company evaluates a variety of factors in determining the amount of the deferred income taxes to be recognized, including the Company's earnings history. As of December 31, 2014 and 2013, the Company had no deferred tax

assets.

The provisions of ASC 740 require companies to recognize in their financial statements the impact of a tax position if that position is more likely than not to be sustained upon audit, based upon the technical merits of the position. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure.

Management does not believe that the Company has any material uncertain tax positions requiring recognition or measurement in accordance with the provisions of ASC 740. Accordingly, the adoption of these provisions of ASC 740 did not have a material effect on the Company's financial statements. The Company's policy is to record interest and penalties on uncertain tax positions, if any, as income tax expense.

NOTE 12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date and determined there were no subsequent events requiring disclosure other than below.

On February 19, 2015, Orbital Tracking Corp. ("OTC") entered into a Share Exchange Agreement (the "Exchange Agreement") with Global Telesat Communications Limited, a Private Limited Company formed under the laws of England and Wales ("GTCL") and all of the holders of the outstanding equity of GTCL (the "GTCL Shareholders"). Upon closing of the transactions contemplated under the Exchange Agreement (the "Share Exchange"), the GTCL Shareholders (7 members) transferred all of the issued and outstanding equity of GTCL to the OTC in exchange for (i) an aggregate of 2,540,000 shares of the common stock of the OTC and 8,746,000 shares of the newly issued Series E Convertible Preferred Stock of the OTC with each share of Series E Convertible Preferred Stock convertible into ten shares of common stock, (ii) a cash payment of $375,000 (the "Cash Payment") and (iii) a one-year promissory note in the amount of $122,536 (the "Note"). Such exchange caused GTCL to become a wholly owned subsidiary of the OTC.

The completion of the Share Exchange resulted in a change of control. The Share Exchange was accounted for as a reverse acquisition and re-capitalization. The GTCL Shareholders obtained approximately 39% of voting control on the date of Share Exchange. GTCL was the acquirer for financial reporting purposes and the Orbital Tracking Corp. was the acquired company. Following the closing of the Share Exchange, Orbital Tracking Corp. will have expanded its global satellite based business launched with the acquisition of various contracts by Orbital Satcom in December 2014 and will allow it to operate as a vertically integrated satellite services business with experienced management operating from additional locations in Poole, England in the United Kingdom and Aventura, Florida.

INDEPENDENT AUDITORS' REPORT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Great West Resources, Inc.
Walnut Creek, CA 94596

We have audited the accompanying statements of revenues and cost of sales of the Globalstar Contracts for the years ended September 30, 2014 and 2013. These financial statements are the responsibility of Great West Resources, Inc. management. Our responsibility is to express an opinion on these 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. An audit also 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 provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and cost of sales of the Globalstar Contracts described in Note 1 for the years ended September 30, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements reflect the revenues and cost of sales of the Globalstar Contracts as described in Note 1 and are not intended to be a complete presentation of the financial position, results of operations, or cash flows of the Globalstar Contracts.

/s/ RBSM LLP

RBSM LLP
New York, New York
December 16, 2014

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GLOBALSTAR CONTRACTS
STATEMENTS OF REVENUE AND COST OF SALES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
REVENUE	$ 343,734	$ 90,154
COST OF SALES	97,691	22,849
EXCESS OF REVENUE OVER COST OF SALES	$ 246,043	$ 67,305

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

Notes to Statements of Revenue and Cost of Sales

NOTE 1 – PROPERTIES AND BASIS OF PRESENTATION

The accompanying statements represent the interests in the revenue and cost of sales of the satellite airtime and trackers acquired by Great West Resources, Inc. (the "Company") from Global Telesat Corp. ("GTC") on December 10, 2014 by the purchase of certain assets related to GTC's contracts with Globalstar, Inc. and Globalstar LLC (the "Globalstar Contracts") for a purchase price of $250,000 pursuant to an asset purchase agreement by and among the Company, its wholly owned subsidiary Orbital Satcom Corp. ("Orbital Sub"), GTC and GTC's sole owner, World Surveillance Group ("World" and, together with the Company, Orbital Sub and GTC, the "Parties"). Also on December 10, 2014, the Parties entered into a license agreement (the "License Agreement") pursuant to which GTC granted to Orbital Sub a fully-paid and irrevocable non-exclusive license to use the appliques described in, purchased or procured pursuant to the Globalstar Contracts (the "Globalstar Appliques").

The statements of revenue and cost of sales have been derived from the Company's historical financial records and prepared on the accrual basis of accounting. Sales and cost of sales relate to the historical sales and costs of sales of Global Telesat Corp. under the Globalstar Contracts for the years ended September 30, 2014 and 2013, respectively. The revenues are recognized on the sales method when the product is sold or service rendered to a purchaser at a fixed or determinable price, when delivery has occurred or service has been provided and, and if collectability of the revenue is probable.

The statements of revenue and cost of sales are not indicative of the financial condition or results of operations of the Company going forward due to the omission of various operating expenses. Certain costs, such as depreciation and amortization, payroll, general and administrative expenses and interest expense were not allocated.

NOTE 2 – OMITTED FINANCIAL INFORMATION

Historical financial statements reflecting financial position, results of operations and cash flows required by accounting principles generally accepted in the United States of America are not presented as such information is not available, nor is it practicable to obtain such information in these circumstances. Historically, no allocation of general and administrative, interest expense, corporate taxes, accretion of asset retirement obligations, and depreciation, depletion and amortization was made. Accordingly, the statements of sales and cost of sales are presented in lieu of the financial statements required under Rule 3-01 and Rule 3-02 of the Securities and Exchange Commission's Regulation S-X.

NOTE 3 – RELATED PARTY TRANSCATIONS

During the years ended September 30, 2014 and 2013, $3,185 and $8,760, respectively, of the revenues received in connection with the Globalstar Contracts were received from GTCL. During the relevant times, Mr. Phipps was an officer of GTC and an officer and sole owner of GTCL.

During the years ended September 30, 2014 and 2013, $3,477 and $8,790 respectively, of the expenses incurred in connection with the Globalstar Contracts were incurred in connection with GTC's transactions with GTCL.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth an estimate of the fees and expenses relating to the issuance and distribution of the securities being registered hereby, other than underwriting discounts and commissions, all of which shall be borne by the Company. All of such fees and expenses, except for the SEC Registration Fee, are estimated:

Securities and Exchange Commission Registration Fee	$250.99
Accounting Fees and Expenses	10,000
Legal Fees and Expenses	10,000
Miscellaneous Fees and Expenses	1,000
Total	$21,251

Item 14. Indemnification of Directors and Officers.

Neither our articles of incorporation nor bylaws prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statutes (“NRS”). NRS Section 78.7502, provides that a corporation may indemnify any director, officer, employee or agent of a corporation against expenses, including fees, actually and reasonably incurred by him in connection with any defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.7502(1) or 78.7502(2), or in defense of any claim, issue or matter therein.

NRS 78.7502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

NRS Section 78.7502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Our charter provides that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the NRS, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification. We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the NRS would permit indemnification.

Our bylaws provide that a director or officer of the Company shall have no personal liability to the Company or its stockholders for damages for breach of fiduciary duty as a director or officer, except for damages for breach of fiduciary duty resulting from (a) acts or omissions which involve intentional misconduct, fraud, or a knowing violation of law, or (b) the payment of dividends in violation of section 78.3900 of the NRS as it may from time to time be amended or any successor provision thereto.

Item 15. Recent Sales of Unregistered Securities.

The number of securities issued pursuant to the transactions described below that occurred prior to the Company's March 28, 2014 reincorporation merger and Reverse Split have not been adjusted for the Reverse Split.

On November 8, 2012, the Company entered into subscription agreements with certain investors whereby it sold an aggregate of 1,000,000 shares of its Series D Preferred Stock for an aggregate purchase price of $50,000. Each share of Series D Preferred Stock was convertible into five shares of the Company's common stock at the holder's election, and had a liquidation preference equal to $0.0001 per share. The above referenced securities were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws.

On November 8, 2013, the Company entered into note amendment agreements with certain investors pursuant to which the parties agreed to change the conversion price of $243,382.00 convertible notes to $0.03 per share from $0.05 per share. Also on November 8, 2013, the Company issued an aggregate of 8,112,733 shares of common stock in connection with the conversion of each of the amended notes at the new conversion price. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On January 21, 2014, the Company issued Patrick Avery an issued an option to purchase up to 7.5% of the outstanding common stock of the Company calculated on a post-Transaction pro forma basis at a per share price of $0.0001, which would vest as follows: (i) 10% immediately on January 21, 2014, (ii) 45% on January 21, 2015 and (iii) the remaining 45% on January 21, 2016. "Transaction" is defined as (a) the consummation of a private placement of the Company's securities in which the Corporation receives gross proceeds of at least $1,000,000 and (b) the acquisition of at least fifty lease holdings in the Holbrook Basin in Arizona. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering. The option was forfeited in connection with Mr. Avery's resignation from all positions with the Company in August 2014.

On January 21, 2014, the Company issued Mr. Uribe and Mohit Bhansali, the Company's non-employee directors, a four year option to purchase up to 4,500,000 of the Company's issued and outstanding common stock at a cashless exercise price of $0.0001 per share. The options vested immediately. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering. These options were forfeited in connection with Mr. Uribe's and Mr. Bhansali's resignations from all positions with the Company in October 2014.

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., each issued and outstanding share of our predecessor corporation was converted into 1/150th shares of our common stock, for a total of 1,507,037 issued and outstanding shares of common stock.

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., each issued and outstanding share of our predecessor corporation's Series A Preferred Stock was converted into 1/150th shares of our Series A Preferred Stock, for a total of 20,000 issued and outstanding shares of Series A Preferred Stock.

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., each issued and outstanding share of our predecessor corporation's Series D Preferred Stock was converted into 1/150th shares of our Series B Preferred Stock, for a total of 6,666 issued and outstanding shares of Series B Preferred Stock.

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., all issued and outstanding options to purchase shares of our predecessor corporation's common stock were converted into equivalent options to purchase 1/150th of a share of our common stock at an exercise price of $0.0001 per share, for a total of 60,000 issued and outstanding options.

On March 28, 2014, in connection with our merger with and into our former subsidiary Great West Resources, Inc., all issued and outstanding warrants to purchase shares of our predecessor corporation's common stock were converted into equivalent warrants to purchase 1/150th of a share of our common stock at an exercise price of equal to the product of (i) 150 and (ii) the original exercise price, for a total of 245,000 issued and outstanding warrants.

The issuance of the securities in the March 28, 2014 merger was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On September 30, 2014, the Company sold an aggregate of 200,000 units at a per unit purchase price of $2.00, in a private placement to certain accredited investors for gross proceeds of $400,000. Each unit consists of: forty (40) shares of the Company's common stock or, at the election of any purchaser who would, as a result of purchase of units become a beneficial owner of five (5%) percent or greater of the outstanding common stock of the Company, four (4) shares of the Company's newly designated Series C Preferred Stock, par value $0.0001 per share, with each share convertible into ten (10) shares of Common Stock. On October 15, 2014, the Company sold an aggregate of 50,000 units for additional gross proceeds of $100,000. The Company issued an aggregate of 10,000,000 shares of common stock in connection with the foregoing transactions. The above referenced securities were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws.

On October 15, 2014, the Company entered into an exchange agreement with a holder of promissory notes in the aggregate principal face amount of $35,000 previously issued by the Company. Pursuant to the exchange agreement, the holder exchanged the notes and relinquished any and all other rights it may have pursuant to the notes in exchange for 750,000 shares of newly designated Series D Preferred Stock. The above referenced securities were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) as a transaction by an issuer not involving a public offering.

On October 15, 2014, the Company entered into a series of exchange agreements with certain former holders of convertible debentures who had previously converted the debentures but who were still owed unpaid interest on the debentures in the aggregate amount of $98,274. Pursuant to the exchange agreements, the holders exchanged the right to receive unpaid interest and relinquished any and all other rights they may have pursuant to the debentures in exchange for 4,250,000 shares of newly designated Series D Preferred Stock. The shares of Series D Preferred Stock were offered and issued pursuant to the exemption from registration under the Securities Act provided by Section 4(a)(2), as a transaction by an issuer not including a public offering.

On December 10, 2014, the Company issued 2,222,222 shares of common stock as consideration for a fully-paid and irrevocable non-exclusive license to use certain assets of the licensor following the date of grant. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

In December 2014 and January 2015 the Company issued a consultant an aggregate of 400,000 of common stock as compensation for services provided. The Company and the Consultant agreed to cancel these shares in February 2015. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On January 22, 2015, the Company changed its legal corporate name to “Orbital Tracking Corp.” from “Great West Resources, Inc.” The Company effectuated the name change through a short-form merger pursuant to Chapter 92A of the Nevada Revised Statutes where a subsidiary formed solely for the purpose of the name change was merged with and into the Company, with the Company as the surviving corporation in the merger. The merger had the effect of amending the Company’s Articles of Incorporation to reflect its new legal name. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On January 23, 3015 the Company settled in full $156,000 owed to certain vendors. On such date the Company paid the vendors $35,000 and issued them an aggregate of 1,650,000 shares of its common stock. The Company further agreed that upon the close of its next financing, it would pay the vendors an additional $10,000 cash, issue 850,000 shares of common stock or common stock equivalents and convert an aggregate of $56,221 into securities on the same terms offered to investors in the financing. On February 19, 2015, the Company issued an aggregate of 197,443 shares of Series C Preferred Stock to certain of these vendors in connection with its February 19, 2015 financing. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On February 11, 2015, the Company entered into exchange agreements with each of Sandor Capital Master Fund LP and Point Capital, Inc. Pursuant to the exchange agreements, Sandor Capital Master Fund LP exchanged 8 million shares of common stock for 800,000 shares of the Company’s Series C Preferred Stock (the “Series C Preferred Stock”) and Point Capital, Inc. exchanged 2 million shares of common stock for 200,000 shares of Series C Preferred Stock. The shares of Series C Preferred Stock were offered and issued pursuant to the exemption from registration under the Securities Act provided by Section 3(a)(9) of the Securities Act.

On February 19, 2015, the Company entered into a share exchange agreement with GTCL and the GTCL Shareholders. Upon closing of the transactions contemplated under the share exchange agreement, the GTCL Shareholders transferred all of the issued and outstanding equity of GTCL to the Company in exchange for (i) an aggregate of 2,540,000 shares of the common stock of the Company and 8,746,000 shares of the newly issued Series E Preferred Stock of the Company with each share of Series E Preferred Stock convertible into ten shares of common stock, (ii) a cash payment of $375,000 Cash Payment and (iii) a one-year promissory note in the amount of $122,536. Such exchange caused GTCL to become a wholly owned subsidiary of the Company.

On February 19, 2015, the Company issued to Mr. Rector, the current Chief Financial Officer and a director of the Company and former Chief Executive Officer of the Company, 850,000 shares of common stock and a seven year option to purchase 2,150,000 shares of common stock at a purchase price of $0.05 per share as compensation for services provided to the Company. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

On February 19, 2015, the Company sold an aggregate of 550,000 units at a per unit purchase price of $2.00, in a private placement to certain accredited investors for gross proceeds of $1,100,000. Each unit consists of: forty (40) shares of the Company's common stock or, at the election of any purchaser who would, as a result of purchase of units become a beneficial owner of five (5%) percent or greater of the outstanding common stock of the Company, four (4) shares of the Company's Series C Preferred Stock, par value $0.0001 per share, with each share convertible into ten (10) shares of common stock. The Company sold 15,000 units consisting of an aggregate of 600,000 shares of common stock and 535,000 units consisting of an aggregate of 2,140,000 shares of Series C Preferred Stock. The above referenced securities were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws.

On February 19, 2015, the Company issued an aggregate of 1,675,000 shares of common stock to certain current consultants, former consultants and employees. These shares consist of (i) 250,000 shares of common stock issued to a consultant as compensation for services relating to the provision of satellite tracking hardware and related services, sales and lead generation, (ii) one million shares of common stock issued to a consultant as compensation for the design and delivery of dual mode gsm/Globalstar Simplex tracking devices and related hardware and intellectual property, (iii) 250,000 shares of common stock, subject to a one year lock up, issued to the Company's controller and (iv) 175,000 shares of common stock issued to MJI in full satisfaction of outstanding debts. MJI agreed to sell only up to 5,000 shares per day and the Company has a six month option to repurchase these shares at a purchase price of $0.75 per share. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, as a transaction by an issuer not involving a public offering.

Item 16. Exhibits and Financial Statement Schedules.

(d) Exhibits.

The following exhibits are filed as part of this Registration Statement.

Exhibits	Description
2.1	Agreement and Plan of Merger dated March 28, 2014 (Incorporated by reference to Exhibit 2.1to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014)
2.2	Asset Purchase Agreement dated December 10, 2014 (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014) (1)
2.3	Articles of Merger (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 28, 2015)
2.4	Share Exchange Agreement by and among Orbital Tracking Corp., Global Telesat Communications Ltd. and the Shareholders of Global Telesat Communications Ltd. dated February 19, 2015 (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2015) (2)
3.1	Bylaws (Incorporated by reference to Exhibit 3.4 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014)
3.2	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (Incorporated by reference to Exhibit 3.5 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014)
3.3	Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock (Incorporated by reference to Exhibit 3.6 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014)
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)
3.6	Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2015)
5.1	Consent of Sichenzia Ross Friedman Ference LLP*
10.1	

	Form of Note Amendment (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 15, 2013)
10.2	Cancellation and Recapitalization Agreement dated November 8, 2013 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 15, 2013)
10.3	Debt Forgiveness Agreement dated November 8, 2013 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 15, 2013)
10.4	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 30, 2014)
10.5	2014 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2014)+
10.6	Employment Agreement by and between the Company and Patrick Avery dated January 21, 2014 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2014)+
10.7	Consulting Agreement by and between the Company and Glenn Kesner dated January 21, 2014 (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2014)+
10.8	Securities Purchase Agreement by and between the Company and Auracana LLC dated January 21, 2014 (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2014)
10.9	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)

10.10	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)
10.11	Form of Exchange Agreement (Note) (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)
10.12	Form of Exchange Agreement (Unconverted Interest) (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)
10.13	Bhansali Separation Agreement (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)+
10.14	Uribe Separation Agreement (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)+
10.15	Kesner Separation Agreement (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 17, 2014)+
10.16	License Agreement dated December 10, 2014 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
10.17	Consulting Agreement dated December 16, 2014 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
10.18	Price & Delivery Quote for the acceleration of Remote Telemetry capability and Simplex Data Services dated June 30, 2003 and Globalstar Response to GTC's Letter of Acceptance dated August 07, 2003 (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
10.19	Agreement by and between Globalstar LLC and Globalnet Corporation dated May 04, 2005 (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)**
10.20	Assignment and Assumption Agreement by and among Globalstar LLC, Globalnet Corporation and Global Telesat Corp. dated July 28, 2005 (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
10.21	Amendment to the Agreement by and between Globalstar LLC and Globalnet Corporation dated May 04, 2005, dated August 16, 2006 (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014) **

10.22	Contract No. GINC-C-11-0520 by and between Global Telesat Corp. and Globalstar, Inc., dated February 10, 2011 (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)**
10.23	Form of Strategic Consulting Agreement (Incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
10.24	Form of Share Exchange Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.25	$122,536 Note issued February (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2015) (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.26	Executive Employment Agreement by and between David Phipps and Orbital Satcom, dated February 19, 2015 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)+
10.27	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.28	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.29	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)

10.30	Consulting Agreement by and between SpaceTao LLC and the Company, dated February 19, 2015 (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.31	Purchase and Transfer Agreement by and between Concentric Engineering LLC and the Company, dated February 19, 2015 (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.32	Mutual Release Agreement by and between MJI Resources Corp. and the Company, dated February 19, 2015 (Incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2015)
10.33	Form of Strategic Consulting Agreement (Incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 16, 2014)
16.1	Letter from D. Brooks and Associates CPA's, P.A. (Incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on January 9, 2015)
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 26, 2015)
23.1	Consent of RBSM LLP***
23.2	Consent of D. Brooks and Associates CPA's, P.A.***
23.3	Consent of RBSM LLP***
23.4	Consent of Sichenzia Ross Friedman Ference LLP (included in Exhibit 5.1)*
23.5	Consent of RBSM LLP

(1) Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedule or exhibit so furnished.

* To be filed by amendment.
** A redacted version of this exhibit was previously filed. An un-redacted version of this Exhibit has been separately filed with the Commission pursuant to an application for confidential treatment. The confidential portions of the Exhibit have been omitted and are marked by an asterisk.
*** Filed herewith.
+ Management contract or compensatory plan or arrangement.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the undersigned registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§ 230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, on May 13, 2015.

ORBITAL TRACKING CORP.

By: /s/ David Phipps
Name: David Phipps
Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Phipps his true and lawful attorney-in-fact and agent with full power of substitution and re-substitution, for him/her and in his name, place and stead, in any and all capacities to sign any or all amendments (including, without limitation, post-effective amendments) to this Registration Statement, any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act of 1933 and any or all pre- or post-effective amendments thereto, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that said attorney-in-fact and agent, or any substitute or substitutes for him, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, the following persons in the capacities and on the dates indicated have signed this Registration Statement below.

In accordance with the requirements of the Securities Act of 1933, as amended, this registration statement was signed by the following persons in the capacities and on the dates stated:

Signature	Title	Date
/s/ David Phipps David Phipps	Chief Executive Officer and Chairman (Principal Executive Officer)	May 13, 2015
/s/ David Rector David Rector	Chief Financial Officer, Secretary and Director (Principal Financial and Accounting Officer)	May 13, 2015

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