GTX CORP
Form 10-K
April 16, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

Q ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

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

Commission File Number 000-53046

GTX Corp

(Exact name of registrant as specified in its charter)

Nevada	**98-0493446**
(State of incorporation)	(I.R.S. Employer Identification No.)
117 W 9th Street; Suite 1214, Los Angeles, CA 90015	**213-489-3019**
(Address of principal executive offices)	(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of each class registered:	Name of each exchange on which registered:
None	None

Securities registered under Section 12(g) of the Act:

Common Stock, Par Value $0.001
(Title of class)

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No þ

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 þ No o

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates as of June 30, 2012 was $2,046,861, based on the closing price of the registrant's common stock reported by the OTC Bulletin Board on that date. The determination of affiliate status is not necessarily a conclusive determination for other purposes.

The outstanding number of shares of common stock as of April 15, 2013 was 92,460,727.

Documents incorporated by reference: None

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FORWARD LOOKING STATEMENTS

Information in this report contains “forward looking statements” which may be identified by the use of forward-looking terminology, such as “may”, “shall”, “will”, “could”, “expect”, “estimate”, “anticipate”, “predict”, “probable”, “possible”, “sho or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives requires the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Unless otherwise noted, the terms "GTX Corp", the "Company", "we", "us", and "our" refer to the ongoing business operations of GTX Corp and our wholly-owned subsidiaries, Global Trek Xploration, LOCiMOBILE, Inc., and Code Amber News Service, Inc.

Overview of the Business and Recent Developments

GTX Corp utilizes miniaturized, low power consumption technology and offers a robust global positioning system (“GPS”) and cellular location platform that answers the “where is” question. For subscribers who want to know where their grandmother, child, spouse, pet, bike, motorcycle or any other high valued assets are located, GTX Corp has a solution that answers that question and enables subscribers to track their whereabouts in real time. The ability to track people or property is available through GTX Corp’s complete end to end, customizable GPS/GPRS transceiver module, wireless connectivity gateway, smartphone mobile applications (“Apps”), middleware, and viewing portal. GTX Corp provides various interrelated and complimentary products and services in the Personal Location Services marketplace and integrates two-way GPS tracking technologies that seamlessly integrate with consumer products and enterprise applications. Utilizing its growing global distribution channel network, the Company provides personal location solutions through hardware devices, software platform licensing and smartphone applications, with over 1.4 million downloads in 162 countries and distributors throughout the U.S., Canada, Mexico, Australia, Ireland and Nepal.

GTX Corp has developed and commercially released several products including its award winning, patented GPS tracking smart shoe that can locate the wearer in real time, a hosted and scalable backend monitoring platform, 20 smartphone and tablet Apps and a digital medical record alertag. The Company has five revenue streams comprising of licensing, product sales, recurring subscriptions, advertising, and professional services. These core products and services are supported by GTX’s extensive IP portfolio consisting of issued patents, patents pending, registered trademarks, copyrights, URLs and a library of custom hardware and software ready for license and distribution to the global community.

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In order to enhance the market acceptability of its products and services, the Company has recently reduced the size of its transponder units (by 30%) and lowered the cost of its hardware (by 25%) and monitoring services (the Company now offers plans starting as low as $5.00 per month). The Company is also looking at longer battery lives, with some units able to retain a charge for close to 15 days (compared to 5 or 6 days with the previous generation) and exploring different charging methods from inductive to solar. The Company is currently in discussion with an engineering company in Japan in order to develop a CDMA module for the Japanese and Korean markets. Additionally, the Company is expanding the uses of its tracking products by looking into new and developing markets, such as athletes and veterans suffering from traumatic brain injuries (TBI), high-end bicycles and motorcycles and continued penetration into life sciences, specifically into the monitoring of our daily transported national blood supply.

GTX Corp's goal is to differentiate itself from other providers of personal location solutions through its "white label" licensing model, innovative products (such as the GPS tracking shoe and its various GPS tracking smartphone Apps), its brand, media and social media recognition, its renowned strategic partners, its growing international channels of distribution, a robust and scalable platform and a large intellectual property portfolio. The Company's plan is to integrate customizable tracking solutions that can provide functionality and personalized interfaces offering consumers and businesses a broad array of localized personal location solutions.

We currently conduct our operations through three wholly-owned subsidiaries that operate in various interrelated sectors of the emerging Location-Based Services and Proximity Marketing industry (the emerging industry for localized wireless distribution of advertising associated with a particular place, based on the specific location of the person carrying the smartphone). Our subsidiaries are summarized as follows:

- Global Trek Xploration ("GTX California") focuses on hardware and software design and development of GPS monitoring products by offering a GPS and cellular location platform that enables subscribers to track in real time the whereabouts of people, pets or high valued assets. Our GPS device, which consists of a miniature transceiver, antenna, circuitry and battery, can be customized and integrated into numerous products whose location and movement can be monitored in real time over the Internet through our 24x7 location data center ("Location Data Center") tracking portal or on a web enabled cellular telephone. The GTX California business model is to license its technology platforms to branded partners who desire to deliver their own innovative tracking solutions to consumers or their customers in a wide variety of wearable and portable location devices. The GTX California value proposition is its ability to customize, localize and optimize an embedded approach to the tracking and monitoring market. GTX California believes that its ability to customize its products to different form factors for the specific needs of its branded partners sets it apart from its competitors. To date, the Company has created two custom solutions in two separate vertical markets (the monitoring of seniors and the monitoring of high value assets) and has on-going initiatives to develop and deploy additional custom hardware, software, monitoring and connectivity solutions in other vertical markets. The Company has signed several exclusive and non–exclusive licensing agreements with parties who in 2012 began to deploy the licensed products and services.

- LOCiMOBILE, Inc., our mobile application subsidiary, has developed and owns LOCiMOBILE®, a suite of mobile tracking applications ("Apps") that turn the latest smartphones and tablets such as iPhone®, iPad, Blackberry, Google Android and other GPS enabled handsets into a tracking and location based social networking device which can then be viewed through our Location Data Center tracking portal or on any connected device with internet access. As of the date of this Annual Report, our 20 Apps have experienced over 1.5 million downloads in 162 countries. With the release of our newest App, *Track My Work Force,* which is our first commercial App that we license through a monthly subscription monitoring plan. The Company continues to rollout new and innovative products which will include a series of applications that will be geared for the enterprise user, by offering "private label" versions of our popular consumer Apps to companies looking for a more personalized and secure methods of keeping track of their employees. In addition, our goal is to expand into the proximity marketing business and begin to leverage our global user base. Our roadmap also consists of additional applications for the iPad, other tablets, TV's, and more applications for the iPhone and Google Android operating systems, all of which are expected to contribute to our user base community, the value of our brand, and revenues from App sales, monthly subscriptions and advertising.

Code Amber News Service, Inc. ("CANS") is our wholly-owned subsidiary that is the U.S. and Canadian syndicator and content provider of all state Amber Alerts (public notifications of child abductions) and missing person alerts. CANS reaches close to a half a million viewers a day through its widely distributed Code Amber website and desktop tickers, wireless Amber Alerts and Missing Endangered Persons alerts delivered to cell phones and PDAs that support over 500 local and federal law enforcement agencies. To date, our CANS operations has primarily been used to generate goodwill for our products through its public service announcements. Our goal is to position CANS to generate revenues from brand licensing, sponsorships, and data feeds. In addition CANS plays a significant part in our overall outreach campaign, primarily used to generate awareness of our GPS products and applications. CANS provides website tickers and news feeds to merchants, internet service providers, affiliate partners, corporate sponsors and local, state and federal agencies.

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Additionally, CANS markets and sells the patent pending digital medical record Code Amber Alertag. The Alertag is a product and service that provides worldwide access to critical personal information in emergency situations for person who subscribe to the product and service. As of the date hereof, Alertag has over 2,000 annual subscribers. In addition, CANS recently signed up online affiliates and channel partners with nearly 300 affiliates in 61 countries and 25 active organizations throughout the United States to market and sell the Alertag. The Alertag is offered on an annual $29.95 subscription based model, and complements the overall GTX business model of providing location based technologies and services.

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General. We maintain several Internet websites including; www.gtxcorp.com, www.locimobile.com, www.gpsshoe.com, www.codeamberalertag.com and www.gpstrackingapps.com. Our annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and other information related to this Company, are available, free of charge, on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. The Company's various Internet websites and the information contained therein, or connected thereto, are not, and are not intended, to be incorporated into this Annual Report on Form 10-K.

GTX CALIFORNIA BUSINESS

GTX California has developed and owns a comprehensive, end-to-end scalable and licensable two-way GPS location enterprise platform. Unlike a one-way GPS location system (such as the standard automobile GPS systems or personal navigation devices) that informs the user of the users location, a 2-way GPS location system allows other parties to locate and track the whereabouts of the user. The tested and proven two-way GPS location system enables subscribers to obtain accurate, real-time location information of persons or property through our secure, robust consumer and enterprise portal.

GTX California provides real-time location and tracking information to customers using GPS devices for both routine and emergency situations through GTX California's Location Data Center and Internet infrastructures. Following the purchase of a module and the activation of the service, a subscriber can determine the location of any person or product that carries the locator module by accessing the Internet either by computer or by a web-enabled cellular telephone.

The Location Data Center tracking portal is fully scalable and has been licensed to several partners both in the U.S. and internationally. It is a secure platform equipped with a database, application-programming interface (API) for custom integration and communication SMS gateway software and hardware. Subscriber internet communications are routed through GTX California's proprietary, fault-tolerant, carrier-class, and application-specific interface software.

GTX California's goal is to establish a large subscriber base for products that use the Location Data Center and then generate high margin, recurring revenues for providing monitoring services.

GTX California's objective is to be a leading provider of wireless location services through the convergence of state-of-the-art enhanced global positioning, wireless communications and other technologies that empower people and businesses with the ability to locate other people or property, whenever and wherever they choose. GTX California's multi-pronged strategy is to penetrate vertical target markets by offering exclusive licenses of our technology to enterprises looking to enhance their brand and product offerings. Potential target markets that GTX California is currently in, or is exploring, include:

- Families with members who have Alzheimer's disease and developmentally challenged adults;
- Elder care support and e-health applications;
- Adults and children with cognitive disorders such as Autism and TBI;
- High value asset tracking and location capability of bikes, motorcycles, containers, luggage, and other assets that require monitoring or tracking;
- Mobile work force;
- Field workers, first responders and law enforcement;
- Pet care; and
- Competitive non-motorized athletes.

GTX California also offers its Location Data Center services to non-GTX California products and hardware systems (i.e. handsets and personal electronics) of major electronics manufacturers through the offer and sale of exclusive licenses (either geographical, regional or product categories).

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Products - Hardware; Location Data Center

GTX California's location based products consist of (i) certain hardware and (ii) a suite of subscription-based internet data-monitoring software and services (tracking portal). Our hardware products include patented, interchangeable GPS satellite tracking and location reporting modules that can be embedded into wearable consumer items (such as footwear, clothes, backpacks, life preservers) or can be integrated into other portable carriers. For example, our GPS devices can be embedded into the sole of a shoe to track and report the location of the wearer of the shoe (see discussion regarding our license with Aetrex, below). In addition, we also offer a wearable caddy that houses a miniaturized, ruggedized, portable GPS tracking device enclosed in a buoyant, waterproof, shockproof, clip-on housing. The module can be affixed to, or embedded in other products and items that need to be located, such as bikes, backpacks, and high value parcels.

GTX California's data tracking portal consists of its proprietary Location Data Center that provides a complete array of back-end services to subscribers. Upon purchase of a product that contains our GPS devices from a licensee, the subscription by the purchaser of a service plan and the subsequent activation of service, the subscriber/purchaser can establish his own personal pass code and configure his account services. A subscriber can have more than one product included on his account, and can set up individual profiles for each product. In addition to these basic location reporting capabilities, our GPS devices and location tracking services also offers several additional features and capabilities to our subscribers, including:

- Bread-crumbing. The subscriber is able to get a report on a series of location events through "bread-crumbing". With this feature, the user can see the location history of an individual by mapping the route of the user with the exact location of the user noted at various times based on whatever reporting interval is selected (30-seconds, 1 minute, etc.). Parents may want to use this feature to confirm the whereabouts of their child if he or she is in the care of a guardian and/or has several appointments throughout the day. To utilize this feature, the subscriber predetermines the number of locations he or she wishes to track, as well as the desired time interval between locations (i.e. identify a total of 12 locations, once every 15 minutes). Once all locations are identified, a report will be automatically issued. The subscriber can then request a mapping of the desired locations.

- Temporary Guardians. Through the Location Data Center, subscribers can set-up a "temporary guardian" which will have access to location features only (no account management functions). Parents may want to use this feature when their child is visiting a relative and they want that person to be able to determine the child's location.

- GeoFencings. Subscribers can establish geographic limits for each user that will be programmed in place through the Internet access provided by the licensee to their customers. Once these limits have been programmed into the account, when the user crosses these boundaries, alerts are sent out to the subscriber over the Internet through email or to a wireless cellular device by SMS or text messaging.

Technology

The current product design utilizes quad-band GSM telephony chip sets and can be adapted in the future to the then-prevalent wireless technology, be it 3G or 4G. Our module's GPS electronics, utilizing advanced "weak signal server-enhanced" technology will provide rapid location identification.

Each module is programmed with a unique identification number and uses standard cellular frequencies to communicate its location. The module is also programmed with a unique subscriber identification number allowing each owner to subscribe to different services.

GTX California has developed a "carrier-class" architecture and facility to create and manage the proprietary Location Data Center (reliable to 99.999%). The local service center runs on redundant off-the-shelf servers. This enables cost-efficient expansion, without the need for application code changes.

The products are supported by the existing infrastructure for the worldwide cell network that provides coverage throughout the United States, Canada, Mexico and numerous other countries that operate on the global GSM Wireless networks. In addition, the personal locators will have the ability to roam seamlessly on the networks of 290 partners in over 210 countries.

As part of the our expansion strategy/roadmap, the Company is currently exploring the development of a CDMA module, that should open up new carrier relationships and territories that are predominantly CDMA, such as Japan and Korea.

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Multiple Applications

GTX California's planned GPS Personal Locator licenses are targeted to address different vertical markets, including tracking or locating adults with Alzheimer's disease, children with autism, pets, institutional living and life science assets.

Adults. We believe the demographic segments offering the greatest opportunities are Alzheimer's patients, seniors (65+ years of age), and active adults and teens. A primary application is for "active adults": those who participate in outdoor recreational activities (such as jogging, hiking and camping) that could put them at risk of getting lost, being injured or becoming a victim to a violent crime. Other potential users include Alzheimer's patients along with the approximate 9 million US adults and children that have cognitive disorders. We believe caregivers of these people would be very interested in using the location service during an emergency situation, as a combination location service/notification and informing law enforcement if a crime is in process where a subscriber is the victim, and simply as a means of communicating one's location to a friend or a loved-one.

Children. Due to the emotional nature of the benefit GTX California is offering, we view this segment as having a big market potential. The GPS Personal Locator license for children will target prospective licensees currently marketing their existing products to dual-income and single parents of 5-12 year old children. At the lower end of this age range, children are starting to gain more independence from their parents and are more likely to be "out of the parent's sight" for a variety of reasons (such as day care, school, playing with friends, and field trips). We believe that both parent and child interest in the product would level off after age 12, when a child's range of freedom and desire for privacy increases dramatically. The service is positioned as "complementary" to parent supervision, not a replacement for it. This market is especially significant in Latin America due to the growing numbers of kidnapping and abductions for ransom.

Pet Owners. This market segment would utilize GTX California's technology to locate pets that have run away, been stolen or become lost. The pet collar device can be attached to a collar or by similar means and will utilize the same location (GPS) and communication (cellular) technologies as the GPS Personal Locator; however, since it will not need many of the added features (such as watch display, paging, and wearer-triggered alarm), we anticipate that GTX California will be able to produce it at a lower unit cost.

Institutional Living. Current technologies used to monitor individuals with movement-restrictions often do not meet the needs of law enforcement officials. For example, house arrest systems that utilize an "RF tether" to monitor an individual's presence in his or her home will alert officials if the person leaves the house, but will not provide information on where the person has gone. We believe the increase in overcrowding in jails and prisons provides a further incentive to utilize location and tracking products.

Life Science, Medical and Pharmaceutical Transportation. The amount of important and/or time sensitive medical, life science and pharmaceutical products being transported appears to be on the rise, increasing the need to connect globally outsourced service providers with medical and clinical research facilities. We believe that there is an increasing desire to be able to track these important medical, life science national blood supplies and pharmaceutical products.

Strategic Relationships and Licensing Arrangements

The goal of GTX California is to offer location based hardware and/or its data monitoring platform to third parties for the sale and distribution of location based products/services in various markets. We begin the process by entering into a platform test agreement with a potential partner with the intent to transition into a long term relationship. By establishing and building partnerships, through licensing agreements, OEM, and carrier relationships, we facilitate efficient entry into new markets leveraging each company’s core competencies. We enhance the value of our distribution channels by aligning our sales and marketing efforts with strategic partners, including co-branding, distribution and marketing with telecommunication companies, wireless carriers, national retailers and major consumer branded companies.

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Two of our primary relationships consist of the following:

Aetrex Worldwide, Inc. On March 18, 2010, GTX California entered into a license agreement with Aetrex Worldwide, Inc. under which we granted Aetrex the right to embed our GPS tracking device into certain footwear products manufactured and sold by Aetrex (the "License Agreement"). The Navistar™ GPS Shoes monitors the locations of "wandering" seniors afflicted with dementia. In order to activate the tracking features of the Navistar™ GPS Shoe, the user of the shoes purchases a monthly cellular connection plan from GTX California. The Company is responsible for the cellular/GPS activation, for arranging and providing cellular connection services and for collecting the monthly fees. We receive and retain the recurring monthly cellular fees received from users of the Aetrex embed tracking footwear, although we have agreed to remit a varying portion of those monthly fees to Aetrex. GTX California is also solely responsible for the manufacture, production and supply/sale to Aetrex of the licensed GPS tracking devices, and for any repairs, replacements, after-service, and warranties pursuant to its product and services warranties. The GPS Shoe has been commercially released and has received significant media attention. However, while sales have recently started to increase, overall sales to date of the GPS Shoe have not met our expectation or the expectation of Aetrex.

Midnite Air Corp. In October 2009, we entered into an exclusive product test agreement with Midnite Air Corp D/B/A MNX to develop an industry first, proprietary GPS enabled transport container. MNX is a worldwide provider of specialty critical and security sensitive global transportation and logistics services. MNX has successfully concluded various tests throughout the globe including Great Britain, Australia and China. We successfully completed the testing in May 2010 and entered into a three year License Agreement with MNX under which we granted MNX the right to embed our GPS tracking device into certain freight/cargo used by MNX to transport vital organs and certain other high valued assets. During September 2012, MNX paid the Company $25,000 to renew the License Agreement for an additional three year term upon its expiration in May 2013. MNX will also use our middleware platform and viewing portal as its complete end-to-end tracking and monitoring solution for tracking the vital organs and other high valued assets that they transport. Each device purchased by MNX will automatically be activated within 90 days of receipt with a monthly data monitoring and connectivity subscription fee. We have completed the integration process between the GTX tracking platform and the MNX backend customer service portal, delivered 50 devices to MNX and activated the monthly monitoring.

Intellectual Property Investment

GTX California has invested, and continues to invest, significantly in intellectual properties, which consist of apparatus patents and applications and system and method patents and applications. GTX California has filed claims that cover all aspects of the personal locator, its operating system and user interface. Set forth below is a list of our patents and pending patent applications.

U.S. Patent Holdings

1.

U.S. Patent No. 6,788,200 title: "Footwear With GPS," filed October 21, 2002, issued September 7, 2004, expires approximately October 21, 2022

2. *U.S. Patent No. 7,474,206 title: "Footwear With Embedded Tracking Device And Method Of Manufacture," filed February 6, 2006, issued January 6, 2009, expires approximately July 23, 2027*

3. *U.S. Patent No. 8,077,030 title: "Tracking System With Separated Tracking Device," filed August 8, 2008, issued December 13, 2011, expires approximately February 13, 2030*

4. *U.S. Patent No. RE40,879 title: "Footwear With GPS," filed July 27, 2006, reissued August 25, 2009, expires approximately October 21, 2022*

5. *U.S. Patent No. RE41,087 title: "Footwear With GPS," filed September 6, 2006,reissued January 26, 2010, expires approximately October 21, 2022*

6. *U.S. Patent No. RE41,102 title: "Footwear With GPS," filed September 7, 2006, reissued February 9, 2010, expires approximately October 21, 2022*

7. *U.S. Patent No. RE41,122 title: "Footwear With GPS," filed August 17, 2006, reissued February 16, 2010, expires approximately October 21, 2022*

8. *U.S. Patent No. D595,484 title: "Footwear With Antenna," filed February 7, 2008, issued July 7, 2009, expires approximately July 7, 2023*

9. *U.S. Patent No. D599,102 title: "Footwear Sole With Antenna," filed February 7, 2008, issued September 1, 2009, expires approximately September 1, 2023*

10. *U.S. Patent No. 7,920,059 title: "Footwear With Embedded Tracking Device and Method Of Manufacture," filed January 6, 2009, Issued April 5, 2011, expires approximately February 6, 2026*

11. *U.S. Patent No. 8,289,156 title: "Footwear With Embedded Separated Tracking Device and Method Of Manufacture," filed April 5, 2011, Issued October 16, 2012, expires approximately February 6, 2026*

12. *U.S. Patent No. 8,154,401 title: "System And Method For Communication with a Tracking Device," filed February 9, 2009, Issued April 10, 2012, expires approximately February 23, 2029*

13. *U.S. Patent No. 8,421,617 title: "Tracking System With Separated Tracking Device," filed December 12, 2011, Issued April 16, 2013, expires approximately August 8, 2028.*

14.

U.S. Patent Application, Serial No.13/653,005 title: "Footwear With Embedded Tracking Device And Method Of Manufacture," filed October 16, 2012. Pending

15. *U.S. Patent Application, Serial No. 13/668,874 title: "Footwear With Embedded Tracking Device And Method Of Manufacture," filed November 5, 2012. Pending*

16. *U.S. Patent Application, Serial No. 12/378,153 title: "System And Method For Processing Location Data," filed February 11, 2009. Pending*

17. *U.S. Patent Application, Serial No. 13/443,180 title: "System And Method For Communication With A Tracking Device," filed April 10, 2012. Pending*

Foreign Patent Holdings

1. *Canadian Patent Application, Serial No. 2,641,469 title: "Footwear With Embedded Tracking Device and Method of Manufacture," filed August 5, 2008. Pending*

2. *Mexican Patent Application, Serial No. MX/A/2008/010160 title: "Footwear With Embedded Tracking Device and Method of Manufacture," filed August 6, 2008. Pending*

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As part of the ongoing building of our intellectual property portfolio, the Company owns approximately 50 Internet domain names, producing over 100,000 visitors per month. Our primary domain, www.GTXCorp.com, as well as our other related domains, provide IP protection for current and future business and vertical marketing initiatives. Both our flagship products have their own URL (www.gpsshoe.com and www.gpstrackingapps.com). Under current domain name registration practices, no one else can obtain an identical domain name, but someone might obtain a similar name, or the identical name with a different suffix, such as ".org" or with a country designation. The regulation of domain names in the United States and in foreign countries is subject to change, and we could be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our domain names. The Company has also secured corporate social media accounts, including Facebook, Twitter, LinkedIn and YouTube.

On December 5, 2011, we entered into a multi-patent licensing agreement with a third-party for the rights to an additional 62 domestic and international patents. This license was entered into in order to eliminate actual or potential conflicts between our patented technologies and the licensed patents.

The Industry

Location-based services are once again central to the wireless industry. Technological challenges have been resolved with 3G and 4G network speeds now consistent with higher-speed coverage that is widely available. In our ever-mobile society, it helps to know where we are and where we are going.   Same with caregivers of seniors suffering from Alzheimer's and dementia, freight forwarding companies wanting to know where their packages are and employers wanting to know where their field workers are. Many parents desire to have the ability to know where their children are and where they are going. Having such information is now possible with access to real-time information delivered on-demand through locator systems and technologies such as ours.

The rising need for two-way GPS and location based services is influenced by several factors, among them:

- Ubiquitous awareness and expanding penetration of GPS enabled mobile smartphone & tablets *(Estimated 5.5 Billion by 2013).*
- Personal and asset security concerns affecting a greater portion of the population.
- Increasing numbers of elderly or memory impaired *(Alzheimer's, Autism, etc. 6 million in U.S. and growing to 100 million worldwide).*
- Corporations needing to manage worker productivity and logistics.
- Government agencies, law enforcement and military personnel monitoring.
- Massive life style adoption of Location Based Social Networking.
- Proximity Advertising - the new paradigm.

Target Markets and Marketing Strategy

We believe that the primary target market for GTX California's products and systems consists of prospective licensees who currently sell related products or technology services to various markets including home security, child safety, medical and elder care providers, campers, hikers, backpackers, adventure seekers, extreme sports enthusiasts, freight and cargo carriers, delivery services, pet owners, vehicle finance companies, auto dealerships, law enforcement agencies, military organizations and individuals wishing to track valuable items. In order to address these target markets, our marketing initiatives include:

- National and international media coverage;
- Channel partners;
- Industry and consumer speaking engagements including; television, radio, news outlets and conferences;
- Email campaigns to our 1.4 million consumer subscriber base and over 10,000 business contacts;
- Endorsements from leading industry advocates and analysts including; universities, non-profit organizations, and research firms;
- Cause marketing through social media and affinity groups;
- Web presence through our multiple websites and YouTube channel;
- Trade shows;
- Establishing licensing relationships with key industry partners;
- Utilizing social media and public relations outreach in special interest magazines and newsletters; and
- "White label" affiliates which will target niche markets such as the Alzheimer's Association for seniors afflicted with dementia.

Our marketing strategy has resulted in an large amount of free coverage by National and International news agencies and television programs, such as Good Morning America, The Early Show, Fox News Cable and The Discovery Channel.

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Growth Strategy

By approaching the market place with a business-to-business (B2B) and business-to-consumer (B2C) strategy through our three business units, our goal is to become one of the major providers of personal and asset location services to specific niche business channel partners and once we hit critical mass in pricing, to the mass consumer markets. The strategy is to establish licensing relationships with key industry partners who will embed our technology into their products to sell to their established customer base. Key elements of our strategy include:

- Providing our Personal Locator embedded module to licensees to empower their products with two-way GPS tracking capabilities;
- A mass market retail price under $199.00 for Personal Location devices;
- A monthly service fee structure, under $20.00, as to the needs of the end user and having multiple convenient access points (mobile phone, land line, or via the Internet); and
- Ease of use at the location interface point as well as with the device.

Competition

Personal location and property tracking devices of various kinds and from various vendors are increasing rapidly in the marketplace. Nevertheless, we believe this rapidly growing market acceptance of tracking solutions represents a tremendous opportunity as the intrinsic value of the tracking solutions is recognized and mass market adoption continues.

There are numerous competitors for our GPS products and our LOCiMOBILE® smart phone applications, including Location Based Technologies, Inc., Google Latitude, Foursquare, Trimble Navigation, Inc., Brick House Security and SOS Gps, Inc. Our competitors often are better financed, or have greater marketing and scientific resources than we can provide. We are also aware of a number of foreign competitors that offer personal location tracking products similar to ours, which may impact our ability to expand our products abroad. Our smart phone locator apps also compete against a number of other smart phone apps, some of which have features similar to our Apps.

In related markets, GPS devices have become widely used for automotive and marine applications where line-of-sight to GPS satellites is not a significant issue. Manufacturers such as Garmin, Navman, Magellan, TomTom, Pharos, NovAtel and DeLorne are finding a market interested in using these products for both business and leisure purposes.

Location devices are gaining significant market acceptance and commercialization in part due to the use of GPS technology in devices such as chart plotters, fitness and training devices, fish finders, laptop computers, PDAs, etc. Prices range from less than $100 to over a thousand dollars for such items. We expect that increasing consumer demand in these markets will drive additional applications and lower price points.

Government Regulation

GTX California is subject to federal, state and local laws and regulations applied to businesses generally as well as FCC, IC and CE wireless device regulations and controls. We believe that GTX California is in conformity with all applicable laws in all relevant jurisdictions. We do not believe that GTX California's operations are subject to any environmental laws and regulations of the United States nor the states in which they operate.

Other Location Products

In addition to marketing our own proprietary products, we also market and sell the line of Prime devices, the GTX AVL, and the "Micro LOCi", tracking devices that are manufactured by third party suppliers. The Prime is a compact, fully certified quad-band integrated device that provides complete GSM/GPRS functionality for mobile tracking applications, which is waterproof, shock proof and comes with an SOS button. The micro LOCi is a more compact, fully certified quad-band integrated device that provides complete GSM/GPRS functionality for mobile tracking applications. The GTX AVL is a low cost vehicle tracking device. These products are sold under our GTX brand, and they can be branded with other companies' names. All these devices operate through, and use our middleware platform and viewing portal. These devices can be sold individually or as a complete solution including platform and wireless connectivity providing us with product sales revenues and subsequent recurring monthly service revenues. In addition to hardware device sales, as part of our international expansion plans, we are also licensing our enterprise portal and middleware platform which is contributing to an increase in monthly subscription revenues. The Company currently has three international licensed distributors and anticipates signing on an additional five or six during 2013.

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LOCiMobile® BUSINESS

LOCiMobile® has a suite of consumer and enterprise mobile tracking applications, social networking and proximity alerting applications that turn the latest GPS enabled smartphones and tablets into tracking devices and mobile social networking devices capable of being viewed on other handsets or our tracking portal. LOCiMOBILE® can be deployed both business to business, through a private label interface and as a direct to consumer offering. Selling mobile tracking applications for use on mobile handsets ("Apps") allows us to enter into new markets supported by the growing number of worldwide GPS handsets, estimated to reach 5.5 billion by 2013, and tap into these markets without the traditional capital requirements and long lead times associated with manufacturing, selling and shipping hardware. Our mobile strategy complements our overall location based product offering by allowing us to leverage the rapid penetration and adoption of smartphones, including the use of their data plans and distribution capabilities (such as the Apple App Store, Blackberry App Store and the Android Marketplace), with our existing platform architecture. Our middleware is now a complete offering able to support applications on handsets along with hardware we make or buy for those specialized vertical markets.

By the end of 2012, we had 20 LOCiMOBILE Tracking Apps on five platforms with over 1.4 million downloads across 162 countries. The success of the LOCiMOBILE Tracking Apps in the consumer market prompted us to launch an enterprise version of our GPS Tracking and Tracking Pro Apps called "*Track My Work Force*." A soft launch for this subscription based, enterprise App officially kicked off during the third quarter of 2012 with a community grassroots announcement. We have engaged a number of multinational companies across various industries who have confirmed their interest for this enterprise white label solution, with over a dozen companies in several countries having already deployed the App.

LOCiMOBILE® is focusing its development on enterprise and off-deck location based service application activations. We believe that our LOCiMOBILE® product offering will benefit from these dynamic global market conditions that are currently driving growth in the smartphone and LBS application downloads. The popularity enjoyed by affordable off-deck location based service applications is creating new momentum, a more open environment, and increased competition in a location industry that has long been dominated by carriers offering expensive subscription-based on-deck services. By creating an indispensable and perhaps transparent location-based social networking (LBSN) product line LOCiMOBILE® is positioned, via product extension, to participate in this value creation landscape.

The LOCiMOBILE® Apps can be downloaded to the user's smartphone from the company's www.locimobile.com website, the Apple iTunes online store, the Android Marketplace and on the RIM platform for Blackberry. Part of the future evolution of the LOCiMobile® future products development may include the implementation of Cloud Architecture, which is a style of computing in which dynamically scalable and often virtualized resources are provided as a service over the Internet. This type of architecture will allow our subscribers to take location data and augment that data with other pertinent information providing a content rich solution. This will not only enhance the user experience but also create value to the viewers and subscribers. Knowing the whereabouts of a loved one, friend or co-worker has value, but knowing particulars about those whereabouts and if there are any other friends or loved ones in the area, or if there are any potential dangers in the area, increases the value of the information. For example, knowing the location of a child and then augmenting that information with the known whereabouts of registered sex offenders increases the value of the information and ultimately empowers the user. More and more people use their smart phones to text, e-mail, search the Internet or listen to music. Because these devices are becoming smarter, growing in use and numbers and are proliferating worldwide, they create the perfect long term environment for developing geo spatial, dynamic in real time solutions that interact not only with each other but with other widely adopted platforms and data bases. This in turn will create value when intersecting information with location and proximity. Seamlessly adding location and proximity to a common exchange of text messaging significantly change the dynamics of text messaging.

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CODE AMBER NEWS SERVICE, INC.

Our Code Amber News Service, Inc. (“CANS”) subsidiary is the leading U.S. and Canadian syndicator of online Amber Alerts and the primary content provider for non amber alert missing persons. An Amber Alert is a public notification of a child abduction. On December 5, 2008, we acquired the assets of Code Amber, LLC, which assets are now held and used by CANS. CANS is designed to support law enforcement efforts in the recovery of missing persons across the United States and Canada by directly distributing missing people notifications to millions of subscribers and viewers. CANS maintains a website at www.codeamber.com and www.codeamberalertag.com.

Currently CANS serves the Code Amber ticker to over 480,000 websites and desktops, which includes hundreds of law enforcement agencies, members of Congress and a list of corporate sponsors. In addition to the pre-packaged consumer ticker, Code Amber provides a commercial news feed to many media outlets and hundreds of additional corporate and private news and information distribution services. Code Amber has cultivated relationships with organizations such as CBS, NBC, ABC, MSNBC, CNN, Google, O’Reilly and Facebook, as well as many smaller broadcasters, all of which receive information about missing persons from CANS.

In November 2009, we entered into a licensing agreement for a digital identification tag that we now offer as a product with an annual subscription service under the name “Code Amber Alertag.” Code Amber Alertag is a patent pending secure digital identification tag and service that provides worldwide access to critical personal information in emergency situations for children, elderly, field workers, pets, and others that subscribe to the product and service. The digital identification tag fits onto a key chain and contains vital personal information of the subscriber such as identification, allergy, chronic conditions and other insights that are needed to adequately assess emergency victim treatment protocols. The digital tag can also contain a second or "private" Alertag level that can only be accessed with an additional key code that first responders can access, which contains a full medical history, or as much as the Alertag subscriber elects to store on the device. This new product and annual subscription model further augments and contributes to the multi prong revenue streams we have implemented.

The tags and service are sold both direct to the consumer and wholesale through different channel partners. As part of our cross promotion campaign the Code Amber Alertags are also being offered by Aetrex Worldwide, our GPS Smart Shoe licensee. The Code Amber Alertag portal has been localized in Spanish and Portuguese for the Latin market and the Company is currently in discussions with distributors in Brazil.

We acquired and intend to operate the Code Amber Alert business (i) to raise awareness of our company’s other technologies for locating persons, and (ii) to create a new source of revenues. We believe that the strong media presence of Code Amber Alerts and large viewing audience gives us a platform to communicate with a large audience having specific interest in our core business of personal location solutions. Persons who access the Code Amber Alert announcements and information have an interest in locating and knowing the whereabouts of someone…a child, a parent, a spouse, etc. Since the location products offered by our other two subsidiaries (i.e. our GPS and LOCiMOBILE® products) can be used by anyone to monitor the whereabouts of anyone or anything, we believe that the Code Amber Alert platform gives us an opportunity to introduce our products to users of the Code Amber Alert system. In addition, the operations of CANS supplement the GTX brand as a company that provides technology for monitoring and assisting in the recovery of missing persons. We also have structured the operations to become a new revenue source. We intend to generate future revenues from sales of information distributed by CANS and by revenues from sponsors/advertisers who want to address the target audiences that view the CANS information.

Our expansion plans for CANS intersects with our mobile platform strategy. With the introduction of LOCiMOBILE® products for use with the iPhone and Android phones, we can now offer CANS Mobile on the iPhone, Blackberry and Google web enabled smartphones, thereby significantly increasing our footprint and viewing audience. This new mobile capability will help expand CANS into a dynamic, real time, intelligent, geo-location aware, altruistic disseminator of vital information. Leveraging our relationships and two-way GPS technology, we plan to introduce our patent pending data augmentation platform that will cross reference data located at sites such as Facebook, Twitter, MySpace, Code Amber Alertag etc., allowing CANS to distribute in real time, including photos, pertinent geo specific information to web enabled phones. A subscriber is now able to view on their phone all relevant data and a picture of a missing person that was last seen near their current location. Moreover, cell phone cameras and Geo-Tagged photos captured by participating subscribers will assist in the information gathering process and hence allow the user to become active participants in the news as opposed to passive observers of events that affect our lives. We believe CANS Mobile will become the digital milk carton, giving every viewer the sum of all known knowledge at the right time and right place, all at the tip of their fingers. CANS along with LOCiMOBILE® helps synthesize our overall mobile platform strategy.

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EMPLOYEES AND CONSULTANTS

As of December 31, 2012, the Company had four employees and over a dozen independent contractors. Any selling, marketing, technical, IT and/or software development work that is not handled by our employees is outsourced to qualified contractors and consultants as deemed necessary.

ITEM 1A: RISK FACTORS

Investing in our common stock is highly speculative and involves a high degree of risk. Any potential investor should carefully consider the risks and uncertainties described below before purchasing any shares of our common stock. The risks described below are those we currently believe may materially affect us. If any of them occur, our business, financial condition, operating results or cash flow could be materially harmed. As a result, the trading price of our stock could decline, and you might lose all or part of your investment. Our business, financial condition and operating results, or the value of any investment you make in the stock of our company, or both, could be adversely affected by any of the factors listed and described below. These risks and uncertainties, however, are not the only ones that we face. Additional risks and uncertainties not currently known to us, or that we currently think are immaterial, may also impair our business operations or the value of your investment.

RISKS RELATED TO OUR BUSINESS

We will need additional funding in the near future to continue to fund our current level of operations.

As of December 31, 2012, we had a working capital deficit of approximately $664,000 and an accumulated deficit of approximately $13,931,000. In addition, for the year ended December 31, 2012, we had a loss of approximately $1,218,000 and negative cash flow from operating activities of approximately $254,000. Revenues generated from our current operations are not sufficient to pay our on-going operating expenses. Therefore, we will have to obtain additional funding from the sale of our securities or from strategic transactions in order to fund our current level of operations. On November 14, 2012, the Company entered into a convertible promissory note in the principal amount of $200,000 with a 10% original issue discount (the “Convertible Note”). Upon closing of the Convertible Note, the lender made an initial $25,000 advance of consideration to the Company. The lender may make additional loan advances to us in such amounts and at such dates as the lender chooses in its sole discretion. The Convertible Note matures one year from the effective date of each loan advance. During February 2013, the lender advanced the Company an additional $25,000. Aside from the Convertible Note, we have not identified the sources for additional financing that we may require, and we do not have commitments from third parties to provide this financing. Certain investors may be unwilling to invest in our securities since we are traded on the OTC Bulletin Board and not on a national securities exchange, particularly if there is only limited trading in our common stock on the OTC Bulletin Board at the time we seek financing. There is no assurance that sufficient funding through a financing will be available to us at acceptable terms or at all. Historically, we have raised capital through the issuance of our equity securities. However, given the risks associated with our business, the risks associated with our common stock, the worldwide financial crisis that has severely affected the capital markets, and our status as a small, unknown public company, we expect in the near future, we will have a great deal of difficulty raising capital through traditional financing sources. Therefore, we cannot guarantee that we will be able to raise capital, or if we are able to raise capital, that such capital will be in the amounts needed. Our failure to raise capital, when needed, and in sufficient amounts, will severely impact our ability to continue to develop our business as planned. In addition, if we are unable to obtain funding as, and when needed, we may have to further reduce and/or cease our future operations. Any additional funding that we obtain in an equity or convertible debt financing is likely to reduce the percentage ownership of the company held by our existing security holders.

Based on the above factors, our auditors have concluded that there is substantial doubt as to our ability to continue as a going concern.

We have had operating losses since formation and expect to continue to incur net losses for the near term.

Although we have several revenue sources, our 2012 business plan had assumed that sales of the Navistar™ GPS Shoes would provide a substantial amount of our working capital during 2012, which revenues would be supplemented by revenues from our other products. To date, sales of the GPS Shoes have significantly underperformed our expectations, and revenues from our other products have also been less than we projected. As a result, we currently have a working capital deficit and our revenues are not sufficient to fund our operating needs. We have reported net losses of approximately $1,218,000 and $1,467,000 for the years ended December 31, 2012 and 2011, respectively. Unless our sales increase substantially in the near future, we anticipate that we will continue to incur net losses in the near term, and we may never be able to achieve profitability. In order to achieve profitable operations we need to significantly increase our revenues from the sales of product and licensing fees. We cannot be certain that our business will ever be successful or that we will generate significant revenues and become profitable. As a result, an investment in our company is highly speculative and no assurance can be given that our business model will be successful and, therefore, that our stockholders will realize any return on their investment or that they will not lose their entire investment.

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Our current lead product may not achieve the market success we anticipated.

Aetrex Worldwide, Inc., a global leader in pedorthic footwear and foot orthotics, manufactures and is marketing a GPS tracking and location shoe for use with senior citizens. The Aetrex GPS Shoe was jointly developed by us and uses our licensed tracking technology. Although we believe that the market for this type of location tracking product is significant, the GPS Shoe is a new technology and has never been on the market. As a result, we are unable to predict what the actual demand will be for this GPS Shoe product ultimately will be. As of the date of this Annual Report, we have sold approximately 4,500 tracking devices to Aetrex for use in the Navistar™ GPS Shoes. However, approximately 130 shoes have been sold to consumers, and only approximately 60 active are currently in use by monthly subscribers. While we still anticipate that sales of this location product aimed at the growing market of senior citizens who are afflicted by dementia or Alzheimer's disease will eventually increase, no assurance can be given that this product will become a significant revenue source for this Company.

Our primary sources of funding during 2012 is no longer available to us.

In November 2009 we entered into an Investment Agreement (the "Investment Agreement") with Dutchess Equity Fund, L.P. (now known as Dutchess Opportunity Fund, II, LP)("Dutchess"). Under the Investment Agreement, we had the right to put (sell) to Dutchess up to 12,000,000 shares of our common stock until November 2012 (this facility is herein referred to as the "Equity Line"). We periodically used our Equity Line to provide us with additional working capital. In November 2012 we sold to Dutchess the remaining amount of shares available under the Equity Line and the line has since expired. Accordingly, we will not be able to utilize it to supplement our working capital needs in the future.

Our current sources of funding are limited, and any additional funding that we may obtain may be on unfavorable terms and may significantly dilute our existing shareholders.

We currently have limited funds available from which we can fund our current and proposed operating activities. On November 14, 2012, we entered into a convertible promissory note credit facility in the principal amount of $200,000. As of April 15, 2013 we have $55,000 principal amount outstanding on our $200,000 Convertible Note. Our ability to draw down on this credit facility is limited as the lender may make loan advances in such amounts and at such dates as the lender may choose in its sole discretion. As of the date of this Annual Report, no payments have been made on the Convertible Note. The Convertible Note matures one year from the effective date of each loan advance. The conversion price is the lesser of $0.025 or 70% of the lowest trade price in the 25 trading days previous to the conversion. Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of the Convertible Note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding. The amount of funds currently available to us under this Convertible Note facility, and the amount of revenues that we currently generate, collectively are not sufficient to fund our operating expenses. As a result, unless our revenues increase significantly in the near future (such as due to a significant increase in the sale of the Navistar™ GPS Shoes), we will have to obtain additional public or private equity financings or debt financings in order to continue our operations. Any additional funding that we obtain in a financing is likely to reduce the percentage ownership of the company held by our existing security-holders. The amount of this dilution may be substantial based on our current stock price, and could increase if the trading price of our common stock declines at the time of any financing from its current levels. We may also attempt to raise funds through corporate collaboration and licensing arrangements. To the extent we raise additional capital by issuing equity securities, our stockholders will experience further dilution. If we raise funds through debt financings, we may become subject to restrictive covenants. To the extent that we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish some rights to our technologies or products, or grant licenses on terms that are not favorable to us. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain the needed additional funding, we will have to reduce or even totally discontinue our operations, which would have a significant negative impact on our stockholders and could result in a total loss of their investment in our stock.

Our future capital requirements, and our currently projected operating and liquidity requirements, will depend on many factors, including:

- The commercial success of the Aetrex Navistar™ GPS Shoes;
- Our ongoing general and administrative expenses related to our being a reporting company;
- Market acceptance of our LOCiMOBILE® products that are downloaded onto the iPhone, Blackberry, Android and other smartphones, and the revenues generated from users of our smartphone products;
- Sales revenues generated from the sale of our GPS devices to MNX under our license agreement;
- The cost of developing and improving our products and technologies;
- The consummation of one or more licensing agreements with the parties currently considering the release of products based on our technologies; and
- The sale of devices to our international partners and the corresponding monthly subscription fees.

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Funding, especially on terms acceptable to us, may not be available to meet our future capital needs because of the state of the credit and capital markets. Global market and economic conditions have been, and continue to be, disruptive and volatile. The cost of raising money in the debt and equity capital markets for smaller companies like ours has increased substantially while the availability of funds from those markets has diminished significantly. Also, low valuations and decreased appetite for equity investments, among other factors, may make the equity markets difficult to access on acceptable terms or unavailable altogether.

If adequate funds are not available, we may be required to delay, scale-back or eliminate our product enhancement and new product development programs. There can be no assurance that additional financing will be available on acceptable terms or at all, if and when required.

The nature of our business is speculative and dependent on a number of variables beyond our control that cannot be reliably ascertained in advance.

The revenues and profits of an enterprise involved in the location based business are generally dependent upon many variables. Our customer appeal depends upon factors which cannot be reliably ascertained in advance and over which we have no control, such as unpredictable customer and media reviews, industry analyst commentaries, and comparisons to competitive products. As with any relatively new business enterprise operating in a specialized and intensely competitive market, we are subject to many business risks which include, but are not limited to, unforeseen marketing difficulties, excessive research and development expenses, unforeseen negative publicity, competition, product liability issues, manufacturing and logistical difficulties, and lack of operating experience. Many of the risks may be unforeseeable or beyond our control. There can be no assurance that we will successfully implement our business plan in a timely or effective manner, that we will be able to generate sufficient interest in our products, or that we will be able to market and sell enough products and services to generate sufficient revenues to continue as a going concern.

Our wireless location products and technologies have to continuously evolve and respond to market changes. If we are unable to commercially release products that are accepted in the market or that generate significant revenues, our financial results will continue to suffer.

We have had only limited success with release of our wireless locator products and our Aetrex Navistar™ GPS Shoes in their respective markets. In addition, while we are currently a party to certain product development and test agreements to determine if our products can successfully be sold in other categories, vertical markets and territories and incorporated into other consumer and commercial products (such as in proprietary GPS enabled transport containers, bicycles, backpacks, etc.), these agreements are still in the testing phase. There can be no assurances that consumer or commercial demand will meet, or even approach, our expectations. In addition, our pricing and marketing strategies may not be successful. Lack of customer demand, a change in marketing strategy and changes to our pricing models could dramatically alter our financial results. Unless we are able to release location based products that meet a significant market demand, we will not be able to improve our financial condition or the results of our future operations.

In order for our products to be successful, we need to establish market recognition quickly, following the introduction of our products.

We believe it is imperative to our success that we obtain significant market recognition in order to compete in our various markets. We have numerous competitors in all of our markets, many of whom have products that directly compete with our existing and proposed products and services. Accordingly, it is important that we establish market recognition for our brands in order to be able to continue to be a material participant in the large markets that we are addressing. To date, we have utilized various marketing and promotional programs and have tried to build market recognition both directly for our products and also by tying our products to the well known Code Amber brand that we own. However, we have limited experience conducting marketing campaigns, and we may fail to generate significant interest. We cannot be certain that we will be able to expand our brand and name recognition sufficiently to capitalize on the market acceptance of our name and brand.

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We may encounter manufacturing or assembly problems for our products, which would adversely affect our results of operations and financial condition.

To date, we have only manufactured a limited number of products. In addition, we are continually redesigning and enhancing our products and we are designing new products based on that technology that we hope to manufacture and market in the near future. The manufacture and assembly of our products involves complex and precise processes, some of which have subcontracted to other companies and consultants. To date, we have experienced some quality issues with the limited production of some of our initial products. Although we have addressed these issues, we have only manufactured a limited quantity of products and so we do not yet know whether we will encounter any serious problems in the production of larger quantities of our existing or new products. Any significant problems in manufacturing, assembling or testing our products could delay the sales of our products and have an adverse impact on our business and prospects. The willingness of manufacturers to make the product, or lack of availability of manufacturing capacity, may have an adverse impact on the availability of our products and on our ability sell our products. Manufacturing difficulties will harm our ability to compete and adversely affect our results of operations and financial condition, and may hinder our ability to grow our business as we expect.

We currently depend upon one manufacturer for some of the components of our principal products, and if we encounter problems with this manufacturer there is no assurance that we could obtain products from other manufacturers without significant disruptions to our business.

We expect that most of the components and subassemblies of our products will be initially manufactured for us by only one manufacturer. Although we could arrange for other manufacturers to supply these components and subassemblies, there is no assurance that we could do so without undue cost, expense and delay. If our sole manufacturers are unable to provide us with adequate supplies of high-quality components on a timely and cost-efficient basis, our operations will be disrupted and our net revenue and profitability will suffer. Moreover, if those manufacturers cannot consistently produce high-quality products that are free of defects, we may experience a high rate of product returns, which would also reduce our profitability and may harm our reputation and brand. Although we believe that we could locate alternate contract manufacturers, our operations would be impacted until alternate manufacturers are found.

Our markets are highly competitive, and our failure to compete successfully would limit our ability to sell our products, attract and retain customers and grow our business.

Competition in the wireless location services market in the U.S. and abroad is intense. The adoption of new technology in the communications industry likely will intensify the competition for improved wireless location technologies. The wireless location services market has historically been dominated by large companies, such as Siemens AG, AT&T and LoJack Corporation. In addition, a number of other companies such as Trimble Navigation, Zoomback, Verizon, FireFly, Disney, Mattel, Digital Angel Corporation, Location-Based Technologies, Inc. and WebTech Wireless Inc. either have announced plans for new products or have commenced selling products that are similar to our wireless location products, and new competitors are emerging both in the U.S. and abroad to compete with our wireless location services products. Due to the rapidly evolving markets in which we compete, additional competitors with significant market presence and financial resources may enter those markets, thereby further intensifying competition, adversely affecting our sales, and adversely affecting our business and prospects.

We expect to rely heavily on a few licensees of our technology. The loss of, or a significant reduction in, orders from these major customers could have a material adverse effect on our financial condition and results of operations.

Our current business model assumes that GTX California will license its technologies to only a few companies who will incorporate our technologies into products that they manufacture and market. Therefore, our revenues in the next several years could be heavily dependent on licenses that we may grant to a limited number of major customers in a few business segments. Accordingly, the loss of, or a significant reduction in, orders from these major customers could have a material adverse effect on our financial condition and results of operations.

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We may not be successful in developing our new products and services.

The market for telecommunications based products and services is characterized by rapid technological change, changing customer needs, frequent new product introductions and evolving industry standards. These market characteristics are exacerbated by the emerging nature of this market and the fact that many companies are expected to introduce continually new and innovative products and services. Our success will depend partially on our ability to introduce new products, services and technologies continually and on a timely basis and to continue to improve the performance, features and reliability of our products and services in response to both evolving demands of prospective customers and competitive products. There can be no assurance that any of our new or proposed products or services will maintain the market acceptance already established. Our failure to design, develop, test, market and introduce new and enhanced products, technologies and services successfully so as to achieve market acceptance could have a material adverse effect upon our business, operating results and financial condition.

There can be no assurance that we will not experience difficulties that could delay or prevent the successful development, introduction or marketing of new or enhanced products and services, or that our new products and services will adequately satisfy the requirements of prospective customers and achieve significant acceptance by those customers. Because of certain market characteristics, including technological change, changing customer needs, frequent new product and service introductions and evolving industry standards, the continued introduction of new products and services is critical. Delays in the introduction of new products and services may result in customer dissatisfaction and may delay or cause a loss of revenue. There can be no assurance that we will be successful in developing new products or services or improving existing products and services that respond to technological changes or evolving industry standards.

In addition, new or enhanced products and services introduced by us may contain undetected errors that require significant design modifications. This could result in a loss of customer confidence which could adversely affect the use of our products, which in turn, could have a material adverse effect upon our business, results of operations or financial condition.

Our software products are complex and may contain unknown defects that could result in numerous adverse consequences, resulting in costly litigation or diverting management's attention and resources.

Complex software products such as those associated with our products often contain latent errors or defects, particularly when first introduced, or when new versions or enhancements are released. We have experienced and addressed errors and defects in the software associated with our products, but do not believe these errors will have a material negative effect in the future on the functionality of the products. However, there can be no assurance that, despite testing, additional defects and errors will not be found in the current version, or in any new versions or enhancements of this software or any of our products, any of which could result in damage to our reputation, the loss of sales, a diversion of our product development resources, and/or a delay in market acceptance, and thereby materially adversely affecting our business, operating results and financial condition. Furthermore, there can be no assurance that our products will meet all of the expectations and demands of our customers. The failure of our products to perform to customer expectations could give rise to warranty claims. Any of these claims, even if not meritorious, could result in costly litigation or divert management's attention and resources. Any product liability insurance that we may carry could be insufficient to protect us from all liability that may be imposed under any asserted claims.

We have only recently transitioned from being a research and development company to an operating company, making it difficult to evaluate our future prospects and results of operations.

Although GTX California was formed in 2002, until 2009 it was dedicated to the research and development of our products and platform. In addition, we are a small company with a limited amount of resources and capital available to us. Accordingly, you should consider our future prospects in light of the risks and uncertainties experienced by small, early stage companies in evolving industries. Some of these risks and uncertainties relate to our ability to:

- offer new and innovative products to attract and retain a larger customer base;
- increase awareness of our brand and continue to develop user and customer loyalty;
- respond to competitive market conditions;
- manage risks associated with intellectual property rights;
- maintain effective control of our costs and expenses;
- raise sufficient capital to sustain and expand our business;
- attract, retain and motivate qualified personnel; and
- upgrade our technology to support additional research and development of new products.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected.

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We expect continued fluctuations in revenues and expenses.

We have had relatively minor sales to date. We rely heavily on channel partners, a few licensees and telecommunications carriers to sell our products. If any of these relationships change or are disrupted, we could lose a significant portion of anticipated revenue.

Our sales will continue to be uncertain and we expect fluctuation in revenues and expenses until we commercially scale our existing contracts, enter into other license agreements that provide us with regular royalties or subscription revenues, or our LOCiMOBILE® applications are continually downloaded by a significant number of users who pay our download fees.

As such, the amount of revenues we receive, if any, from licensing agreements, downloads, etc. will fluctuate and depend upon our customer’s willingness to buy or products, and for our partner’s abilities to sell the products that contain our technology. Accordingly, it is uncertain if and when we will receive future orders from our current and potential future customers.

As with any relatively new business enterprise operating in a specialized and intensely competitive market, we are subject to many business risks which include, but are not limited to, unforeseen negative publicity, competition, product liability and lack of operating experience. Many of the risks may be unforeseeable or beyond our control. There can be no assurance that we will successfully implement our business plan in a timely manner, or generate sufficient interest in our products or services, or that we will be able to market and sell enough products and services to generate sufficient revenues to continue as a going concern.

Our expense levels in the future will be based, in large part, on our expectations regarding future revenue, and as a result net income/loss for any quarterly period in which material orders are delayed could vary significantly. In addition, our costs and expenses may vary from period to period because of a variety of factors, including our research and development costs, our introduction of new products and services, cost increases from third-party service providers or product manufacturers, production interruptions, changes in marketing and sales expenditures, and competitive pricing pressures.

There are risks of international sales and operations.

We anticipate that a substantial portion of our future revenue from the sale of our products and services may be derived from customers located outside the United States. As such, a portion of our sales and operations could be subject to tariffs and other import-export barriers, currency exchange risks and exchange controls, foreign product standards, potentially adverse tax consequences, longer payment cycles, problems in collecting accounts receivable, political instability, and difficulties in staffing and managing foreign operations. Although we intend to monitor our exposure to currency fluctuations, there can be no assurance that exchange rate fluctuations will not have an adverse effect on our results of operations or financial condition. In the future, we could be required to sell our products and services in other currencies, which would make the management of currency fluctuations more difficult and expose our business to greater risks in this regard.

Our products may be subject to numerous foreign government standards and regulations that are continually being amended. Although we will endeavor to satisfy foreign technical and regulatory standards, there can be no assurance that we will be able to comply with foreign government standards and regulations, or changes thereto, or that it will be cost effective for us to redesign our products to comply with such standards or regulations. Our inability to design or redesign products to comply with foreign standards could have a material adverse effect on our business, financial condition and results of operations.

Because of the global nature of the telecommunications business, it is possible that the governments of other states and foreign countries might attempt to regulate our transmissions or prosecute us for violations of their laws. There can be no assurance that violations of local laws will not be alleged by state or foreign governments, that we might not unintentionally violate such law, or that such laws will not be modified, or new laws enacted, in the future.

Any of the foregoing factors could have a material adverse effect on our business, results of operations, and financial condition.

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If we fail to develop and maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our current and potential stockholders could lose confidence in our financial reports, which could harm our business and the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and, depending on our future growth, may require our independent registered public accounting firm to annually attest to our evaluation, as well as issue their own opinion on our internal controls over financial reporting. The process of implementing and maintaining proper internal controls and complying with Section 404 is expensive and time consuming. We cannot be certain that the measures we will undertake will ensure that we will maintain adequate controls over our financial processes and reporting in the future. Furthermore, if we are able to rapidly grow our business, the internal controls that we will need will become more complex, and significantly more resources will be required to ensure our internal controls remain effective. Failure to implement required controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if the weakness is quickly remedied, could diminish investors' confidence in our financial statements and harm our stock price. In addition, non-compliance with Section 404 could subject us to a variety of administrative sanctions, including the suspension of trading, ineligibility for future listing on one of the Nasdaq Stock Markets or national securities exchanges, and the inability of registered broker-dealers to make a market in our common stock, which may reduce our stock price.

We may suffer from product liability claims.

Faulty operation of our products may result in product liability claims brought against us. Regardless of the merit or eventual outcome, product liability claims may materially adversely affect our business and further result in:

- decreased demand for our products or withdrawal of the products from the market;
- injury to our reputation and significant media attention;
- costs of litigation; and
- substantial monetary awards to plaintiffs.

We have purchased annual product liability insurance with liability limits of $1,000,000 per occurrence and $2,000,000 in the aggregate. This coverage may not be sufficient to fully protect us against product liability claims. We intend to expand our product liability insurance coverage as sales of our products expand. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against product liability claims could prevent or limit the commercialization of our products and expose us to liability in excess of our coverage.

Our ability to compete could be jeopardized and our business seriously compromised if we are unable to protect ourselves from third-party challenges or infringement of the proprietary aspects of the wireless location products and technology we develop.

Our products utilize a variety of proprietary rights that are critical to our competitive position. Because the technology and intellectual property associated with our wireless location products are evolving and rapidly changing, our current intellectual property rights may not adequately protect us in the future. We rely on a combination of patent, copyright, trademark and trade secret laws and contractual restrictions to protect the intellectual property utilized in our products. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. In addition, monitoring unauthorized use of our products is difficult and we cannot be certain the steps we have taken will prevent unauthorized use of our technology. Also, it is possible that no additional patents or trademarks will be issued from our currently pending or future patent or trademark applications. Because legal standards relating to the validity, enforceability and scope of protection of patent and intellectual property rights are uncertain and still evolving, the future viability or value of our intellectual property rights is uncertain. Moreover, effective patent, trademark, copyright and trade secret protection may not be available in some countries in which we distribute or anticipate distributing our products. Furthermore, our competitors may independently develop similar technologies that limit the value of our intellectual property, design or patents. In addition, third parties may at some point claim certain aspects of our business infringe their intellectual property rights. While we are not currently subject to nor aware of any such claim, any future claim (with or without merit) could result in one or more of the following:

- Significant litigation costs;
- Diversion of resources, including the attention of management;
- Our agreement to pay certain royalty and/or licensing fees;
- Cause us to redesign those products that use such technology; or
- Cessation of our rights to use, market, or distribute such technology.

Any of these developments could materially and adversely affect our business, results of operations and financial condition. In the future, we may also need to file lawsuits to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Whether successful or unsuccessful, such litigation could result in substantial costs and diversion of resources. Such costs and diversion could materially and adversely affect our business, results of operations and financial condition.

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We depend on our key personnel to manage our business effectively in a rapidly changing market. If we are unable to retain our key employees, our business, financial condition and results of operations could be harmed.

Our future success depends to a significant degree on the skills, efforts and continued services of our executive officers and other key engineering, manufacturing, operations, sales, marketing and support personnel. If we were to lose the services of one or more of our key executive officers or other key engineering, manufacturing, operations, sales, marketing and support personnel, we may not be able to grow our business as we expect, and our ability to compete could be harmed, adversely affecting our business and prospects.

Our products depend on continued availability of GPS and cellular wireless telecommunications systems.

Our products use existing GPS and cellular wireless telecommunications systems to identify the position of our products. Any temporary or permanent change in the availability of these systems, or any material change in the existing infrastructure and our ability to access those systems, would materially and adversely affect our business, operating results and financial condition may be materially and adversely affected.

Rapid technological change in our market and/or changes in customer requirements could cause our products to become obsolete or require us to redesign our products, which would have a material adverse affect on our business, operating results and financial condition.

The market for our products is characterized by rapid technological change, frequent new product introductions and enhancements, uncertain product life cycles, changing customer demands and evolving industry standards, any of which can render existing products obsolete. We believe that our future success will depend in large part on our ability to develop new and effective products in a timely manner and on a cost effective basis. As a result of the complexities inherent in our products, major new products and product enhancements can require long development and testing periods, which may result in significant delays in the general availability of new releases or significant problems in the implementation of new releases. In addition, if we or our competitors announce or introduce new products our current or future customers may defer or cancel purchases of our products, which could materially adversely affect our business, operating results and financial condition. Our failure to develop successfully, on a timely and cost effective basis, new products or new product enhancements that respond to technological change, evolving industry standards or customer requirements would have a material adverse affect on our business, operating results and financial condition.

Changes in the government regulation of our wireless location products or wireless carriers could harm our business.

Our products, wireless carriers and other components of the communications industry are subject to domestic government regulation by the Federal Communications Commission (the "FCC") and international regulatory bodies. If we are unable to satisfy all of the regulations of the FCC or any other regulatory body, we could be prevented from releasing one or more of our products, which could materially and adversely affect our future revenues. In addition, any delay in obtaining FCC and other regulatory approval could likewise have a negative impact on our business and on our relationships with our customers. These regulatory bodies could enact regulations that affect our products or the service providers which distribute our products, such as limiting the scope of the service providers' market, capping fees for services provided by them or imposing communication technology standards which impact our products. Changes in these regulations could affect our products and, thereby, adversely affect our business and operations.

Future acquisitions or strategic investments may not be successful and may harm our operating results.

As part of our strategy, we have acquired or established smaller businesses, and we may do so in the future. For example, in the past we established our LOCiMOBILE, Inc. subsidiary and purchased our Code Amber News Service, Inc. subsidiary. Future acquisitions or strategic investments could have a material adverse effect on our business and operating results because of:

- The assumption of unknown liabilities, including employee obligations. Although we normally conduct extensive legal and accounting due diligence in connection with our acquisitions, there are many liabilities that cannot be discovered, and which liabilities could be material.

- We may become subject to significant expenses related to bringing the financial, accounting and internal control procedures of the acquired business into compliance with U.S. GAAP financial accounting standards and the Sarbanes Oxley Act of 2002.

- Our operating results could be impaired as a result of restructuring or impairment charges related to amortization expenses associated with intangible assets.

- We could experience significant difficulties in successfully integrating any acquired operations, technologies, customers' products and businesses with our existing operations.

- Future acquisitions could divert substantial capital and our management's attention.

- We may not be able to hire the key employees necessary to manage or staff the acquired enterprise operations.

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Our executive officers and directors have the ability to significantly influence matters submitted to our stockholders for approval.

As of April 15, 2013 our executive officers and directors, in the aggregate, beneficially own shares representing approximately 19.32% of our common stock. Beneficial ownership includes shares over which an individual or entity has investment or voting power and includes shares that could be issued upon the exercise of options and warrants within 60 days after the date of determination. On matters submitted to our stockholders for approval, holders of our common stock are entitled to one vote per share. If our executive officers and directors choose to act together, they would have significant influence over all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these individuals, if they chose to act together, would have significant influence on the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

Failure to manage growth effectively could adversely affect our business, results of operations and financial condition.

The success of our future operating activities will depend upon our ability to expand our support system to meet the demands of our growing business. Any failure by our management to effectively anticipate, implement, and manage changes required to sustain our growth would have a material adverse effect on our business, financial condition, and results of operations. We cannot assure you that we will be able to successfully operate acquired businesses, become profitable in the future, or effectively manage any other change.

RISKS RELATED TO AN INVESTMENT IN OUR SECURITIES

The resale of registered shares by our other investors could depress the market price of our common stock.

In October 2011, we registered 11,670,000 shares of our common stock for resale, of which 5,950,000 shares are currently outstanding and were issued to certain of the investors in a private placement. The remaining 5,720,000 shares included in the foregoing registration represent the estimated maximum number of shares that may be issued to the investors upon the exercise of the warrants. The resale of these shares into the public market by the investors could depress the market price of our common stock.

The Convertible Note may be converted into shares of our common stock at less than the then-prevailing market price for our common stock if the Lender chooses to convert the Note.

The Convertible Note is convertible at the lesser of $0.025 or 70% of the lowest trade price in the 25 trading days previous to the conversion. Accordingly, the maximum conversion price is $0.025 per share of common stock. Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of the Convertible Note into common stock that would result in the Lender owning more than 4.99% of the common stock outstanding. The lender has a financial incentive to convert the Convertible Note and realize the profit equal to the difference between the conversion price and the market price. If the lender converts the Convertible Note, the price of our common stock could decrease.

Our common stock is thinly traded and the price of our common stock may be negatively impacted by factors that are unrelated to our operations.

Our common stock is currently quoted on the OTC Bulletin Board. Trading of our stock through the OTC Bulletin Board is frequently thin and highly volatile. The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our business objectives, the results of our clinical trials, trading volume in our common stock, changes in general conditions in the economy and the financial markets, or other developments which affect us or our industry. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

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When we issue additional shares in the future, it will likely result in the dilution of our existing stockholders.

Our certificate of incorporation authorizes the issuance of up to 2,071,000,000 shares of common stock with a $0.001 par value and 10,000,000 preferred shares with a par value of $0.001, of which 92,460,727 common shares and no preferred shares were issued and outstanding as of April 15, 2013 . From time to time we may increase the number of shares available for issuance in connection with our equity compensation plans. Our board of directors may fix and determine the designations, rights, preferences or other variations of each class or series within each class of preferred stock and may choose to issue some or all of such shares to provide additional financing or acquire more businesses in the future.

Moreover, as of April 15, 2013, we had a principal balance of $55,000 on our Convertible Note that is convertible at the lesser of $0.025 or 70% of the lowest trade price in the 25 trading days previous to the conversion and warrants and options outstanding to purchase an aggregate of 8.27 million shares of our common stock the conversion or exercise of which will further increase the number of outstanding shares. The issuance of any shares for acquisition, licensing or financing efforts, upon conversion of any preferred stock or exercise of warrants and options, pursuant to our equity compensation plans, or otherwise may result in a reduction of the book value and market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will cause a reduction in the proportionate ownership and voting power of all current stockholders.

Financial Industry Regulatory Authority (FINRA) sales practice requirements may also limit a stockholder's ability to buy and sell our common stock.

The Financial Industry Regulatory Authority ("FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

We have never paid dividends on our common stock and do not anticipate paying any in the foreseeable future.

We have never declared or paid a cash dividend on our common stock and we do not expect to pay cash dividends in the foreseeable future. If we do have available cash, we intend to use it to grow our business. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at that time. In addition, our ability to pay dividends on our common stock may be limited by Nevada corporate law. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

The elimination of monetary liability against our directors, officers and employees under Nevada law and the existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers and employees.

Our Amended and Restated Bylaws contain specific provisions that eliminate the liability of our directors for monetary damages to our company and stockholders, and permit indemnification of our directors and officers to the extent provided by Nevada law. We may also have contractual indemnification obligations under our employment agreements with our officers. The foregoing indemnification obligations could result in our company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage our company from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit our company and stockholders.

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You may have difficulty selling our shares because they are deemed "penny stocks."

Our common stock is currently quoted on the OTC Bulletin Board under the symbol "GTXO." Since our common stock is not listed on a national securities exchange, if the trading price of our common stock remains below $5.00 per share, trading in our common stock will be subject to the requirements of certain rules promulgated under the Exchange Act, which require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a penny stock (generally, any non-national securities exchange equity security that has a market price of less than $5.00 per share, subject to certain exceptions). The additional burdens imposed upon broker-dealers could discourage broker-dealers from effecting transactions in our common stock, which could severely limit the market liquidity of the common stock and the ability of holders of the common stock to sell their shares.

Stockholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through pre-arranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTIES

Our executive, administrative and operating offices are located at 117 W 9th Street, Suite 1214, Los Angeles, California 90015. Our office space is approximately 1,230 square feet and consists of administrative work space for a base rent of $1,325 per month. The lease is currently on a month-to-month basis.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be involved in routine legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. The ultimate amount of liability, if any, for any claims of any type (either alone or in the aggregate) may materially and adversely affect our financial condition, results of operations and liquidity. In addition, the ultimate outcome of any litigation is uncertain. Any outcome, whether favorable or unfavorable, may materially and adversely affect us due to legal costs and expenses, diversion of management attention and other factors. We expense legal costs in the period incurred. We cannot assure you that additional contingencies of a legal nature or contingencies having legal aspects will not be asserted against us in the future, and these matters could relate to prior, current or future transactions or events.

We are not currently a party to any material legal proceedings. We are not aware of any pending or threatened litigation against us that we expect will have a material adverse effect on our business, financial condition, liquidity, or operating results. However, legal claims are inherently uncertain, and we cannot assure you that we will not be adversely affected in the future by legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information. Our common stock is quoted on the over-the-counter market on the OTC Bulletin Board under the symbol "GTXO." The following table sets forth the high and low sale prices for our common stock on the OTC Bulletin Board for the periods indicated:

	Year Ended December 31, 2012	
	High	**Low**
Quarter ended March 31, 2012	$0.130	$ 0.060
Quarter ended June 30, 2012	$0.121	$ 0.020
Quarter ended September 30, 2012	$0.049	$ 0.016
Quarter ended December 31, 2012	$0.0349	$ 0.009

	Year Ended December 31, 2011	
	High	**Low**
Quarter ended March 31, 2011	$0.100	$ 0.049
Quarter ended June 30, 2011	$0.150	$ 0.044
Quarter ended September 30, 2011	$0.100	$ 0.052
Quarter ended December 31, 2011	$0.100	$ 0.052

As of April 12, 2013 the last reported sales price or our common stock on the OTC Bulletin Board was $0.0265.

Holders of Record. As of April 15, 2013, an aggregate of 92,460,727 shares of our common stock were issued and outstanding and were owned by approximately 140 holders of record, based on information provided by our transfer agent. The foregoing number of record holders does not include any persons who hold their stock in "street name."

Recent Sales of Unregistered Securities.

During the year ended December 31, 2012, we issued the following shares that were not previously reported on a quarterly report on Form 10-Q or in a current report on Form 8-K: During the fourth quarter of 2012, we issued 3.1 million shares of common stock to a total of four members of management and consultants, at a price of $0.02 per share, as compensation for services rendered. The foregoing shares were issued in reliance upon an exemption from the registration requirements pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Re-Purchase of Equity Securities.

None

Dividends.

We have never declared or paid cash dividends on our capital stock and we do not anticipate declaring or paying cash dividends on our capital stock in the foreseeable future. Any payments of cash dividends will be at the discretion of our board of directors, and will depend upon our results of operations, earnings, capital requirements, legal and contractual restrictions, and other factors deemed relevant by our board of directors.

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Equity Compensation Plan Information.

On March 14, 2008, we adopted the 2008 Equity Compensation Plan (the "2008 Plan") pursuant to which we are authorized to grant stock options, stock awards and stock appreciation rights of up to 7,000,000 shares of common stock to our employees, officers, directors and consultants. The 2008 Plan is administered by the Board of Directors of the Company. The following table provides information with respect to outstanding options as of December 31, 2012 pursuant to compensation plans (including individual compensation arrangements) under which equity securities are authorized for issuance.

	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
2012			
Equity compensation plans approved by security holders	2,348,570	$0.194	338,800
Equity compensation plans not approved by security holders	--	--	--
Total	2,348,570	$0.194	338,800

As a result of the cancellation and expiration of options subsequent to December 31, 2012, there are approximately 572,000 options available for issuance under the 2008 Plan as of April 15, 2013.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of SEC Regulation S-K.

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

Overview

Business. GTX Corp and its subsidiaries, (GTX California, LOCiMOBILE, Inc. and CANS) are engaged in businesses that design, develop and sell various interrelated and complementary products and services in the Personal Location Services marketplace. GTX California focuses on hardware and software design and development of products and services by offering a Global Positioning System ("GPS") and cellular location platform that enables subscribers to track in real time the whereabouts of people, pets or high valued assets through a miniaturized transceiver module, wireless connectivity gateway, middleware and viewing portal. LOCiMOBILE, Inc. has developed and owns LOCiMobile™, a suite of mobile tracking applications that turn the iPhone, Android, BlackBerry and other GPS enabled handsets into a tracking device which can then be tracked from handset to handset or through our Location Data Center tracking portal and which allows the user to send a map to the recipient's phone showing the user's location. CANS is a U.S. and Canadian syndicator of all state Amber Alerts providing website tickers and news feeds to merchants, internet service providers, affiliate partners, corporate sponsors and local, state and federal agencies, as well as, marketing and selling the patent pending electronic medical health record Code Amber Alertag.

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Results of Operations

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this Annual Report.

Revenues for the fiscal year ended December 31, 2012 ("fiscal 2012") decreased by 45% compared to the fiscal year ended December 31, 2011 ("fiscal 2011"), and operating expenses in fiscal 2012 decreased by 17%. Our fiscal 2012 net loss is approximately 17% lower than it was in fiscal 2011 and our fiscal 2011 net loss is approximately 13% lower than it was in fiscal 2010.

The following table represents our statement of operations for the years ended December 31, 2012 and 2011:

	Year ended December 31,			
	2012		**2011**	
	$	**% of Revenues**	**$**	**% of Revenues**
Revenues	$367,114	100%	$663,835	100%
Cost of goods sold	291,388	79%	562,475	85%
Gross margin	75,726	21%	101,360	15%
Operating expenses				
Wages and benefits	635,622	173%	768,651	116%
Professional fees	366,330	100%	510,785	77%
General and administrative and impairment	292,112	80%	281,798	42%
Total operating expenses	1,294,064	353%	1,561,234	235%
Loss from operations	(1,218,338)	(332)%	(1,459,874)	(220)%
Other income (expense), net	829	0%	(6,869)	(1)%
Net loss	$(1,217,509)	(332)%	$(1,466,743)	(221)%

Revenues

Revenues decreased 45% during fiscal 2012 as compared to last year due to a decrease in the number of GPS devices sold to Aetrex for use in their Navistar™ GPS Shoe and to a decrease in revenues generated from App sales. During fiscal 2012 and 2011, we sold 1,500 and 3,000 GPS devices, respectively, to Aetrex generating revenues of approximately $157,000 and $314,000, respectively. Commercial sales of the Navistar™ GPS Shoe, which began in December 2011, have not been at the levels anticipated by management. Accordingly, Aetrex has not needed to purchase additional GPS devices. When the Navistar™ GPS Shoe is sold by Aetrex, and activated by the end user, that customer is required to pay us a monthly service fee for the GPS tracking service on the shoe. A portion of the monthly service fee is shared with Aetrex. Because of slow sales and GPS activations of this product, we have not generated a material amount of monthly service fees during fiscal 2012. We are exploring multiple avenues in which the Navistar™ GPS Shoe can be marketed both domestically and internationally. As news about the Navistar™ GPS Shoe spreads, and with the recent availability of the Navistar™ GPS Shoe in the U.K., Canada, Australia and Ireland, management anticipates the sale of the Navistar™ GPS Shoe will increase over the next twelve months. Also contributing to our decrease in revenues was a $126,000 or 62% decrease in our App revenues, to approximately $76,000 when compared to fiscal 2011. This decrease is attributable to a large portion of subscriber downloads in 2012 relating to upgrades by current subscribers, which upgrades are provided free of charge. In addition to revenues generated through the shipment of the Aetrex shoes, monthly service fees on the shoes and from the sale of our Apps, we generate revenues from the sales of our portal services, hardware product, portal software licensing, platform testing, monthly subscriptions, online advertising revenue, Code Amber annual news feed subscriptions, points of display sponsorships and the sale of Code Amber Alertags.

Cost of goods sold

Cost of goods sold for fiscal 2012 decreased 48% compared to fiscal 2011 due primarily to the decrease in the number of GPS devices sold to Aetrex as discussed above as well as a reduction in the amount of commissions paid on the sale of our Apps.

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Wages and benefits

Wages and benefits decreased 17% for fiscal 2012 in comparison to fiscal 2011 due to continued cost cutting efforts, which included reductions in management positions. These reductions in overhead will remain in place as we maintain a low-overhead approach to operations that will scale as operations require.

Professional fees

Professional fees consist of costs attributable to consultants and contractors who primarily spend their time on sales, marketing and the development of technology; investor relations; legal fees relating to general corporate matters and our patent applications; and accounting expenses. Such costs decreased 28% in fiscal 2012 compared to fiscal 2011 due primarily to reductions in marketing and public relations services.

General and administrative and impairment

General and administrative costs during fiscal 2012 increased 4% in comparison to fiscal 2011 due to the impairment of capitalized software development costs. Management re-assessed the value of our capitalized App software development costs and determined that, based on the revenues generated from our Apps, that the capitalized assets had been impaired. Accordingly, we wrote-down the software development costs to the estimated net realizable value of approximately $44,000 and recognized an impairment charge of $103,000 during fiscal 2012. General and administrative expenses also consist of corporate administrative costs, depreciation, occupancy costs, insurance, website development, trade shows and travel which, when excluding the impairment charge, decreased 33% during fiscal 2012 in comparison to fiscal 2011 due primarily to reductions in depreciation expense, insurance and travel, as well as, the implementation of various general cost cutting measures.

Other income (expense), net

Other income (expense), net for fiscal 2012 consists primarily of costs associated with our debt financing during the year. We incurred finance costs totaling $6,500 resulting from our line of credit entered into on June 27, 2012. In accordance with the line of credit agreement, a 15% finance charge is applied to each advance. We drew $30,000 on the line resulting in finance costs of $4,500 and paid $2,000 of administrative costs to the lender of the line of credit (see further discussion in the Liquidity and Capital Resources discussion below). The accounting treatment for the bifurcation of the derivative liability embedded in our Convertible Note resulted in interest expense of approximately $23,000, derivative income of approximately $17,000 and discount amortization of approximately $4,000. The derivative income represents the net unrealized change during the period in the fair value of the derivative liability. Also included is $16,250 of other income recognized from the reversal of a litigation accrual relating to a lawsuit filed against us by a former consultant that was dismissed in May 2012.

Other income (expense), net for fiscal 2011 is primarily attributable to discount amortization, derivative income and the gain on conversion of our convertible promissory notes. As of December 31, 2011, all the then convertible promissory notes were extinguished in full, leaving the Company with no outstanding debt.

Net loss

Net loss during fiscal 2012 decreased approximately 17% in comparison to the net loss incurred during fiscal 2011. The decrease is primarily due to our efforts to maintain and/or cut costs in regards to wages, professional fees and general and administrative expenses.

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Liquidity and Capital Resources

As of December 31, 2012, we had approximately $31,000 in cash, $15,000 of other current assets and $710,000 of current liabilities, resulting in a working capital deficit of approximately $664,000 compared to approximately $92,000 in cash and a working capital deficit of approximately $190,000 as of December 31, 2011.

Our net loss decreased to $1,218,000 for fiscal 2012 compared to a net loss of $1,467,000 for fiscal 2011. Net cash used in operating activities was approximately $254,000 for fiscal 2012 compared to approximately $666,000 for fiscal 2011. The resulting decrease of approximately $412,000 is due to the decrease in our net loss, as well as the impairment charge related to capitalized software development costs, a reduction in accounts receivable, the shipment of GPS devices to Aetrex, and the continued accrual of portions of wages payable to members of management and various officers in an effort to preserve cash for working capital needs.

Net cash used in investing activities during fiscal 2012 and 2011 was approximately $15,000 and $68,000, respectively and consisted primarily of payments for the purchase of equipment.

Net cash provided by financing activities during fiscal 2012 and 2011 was approximately $208,000 and $759,000, respectively, and primarily consists of proceeds received from the sale of shares from the equity line financing agreement that we had with Dutchess Equity Fund, L.P. (now known as Dutchess Opportunity Fund, II, L.P.). During fiscal 2012 and 2011, we sold 2,756,142 and 6,905,022 shares of common stock, respectively to Dutchess resulting in proceeds of approximately $164,000 and $472,000, respectively. The equity line expired in November 2012 and accordingly is not longer available for our use. The remaining net cash provided by financing activities in fiscal 2012 relates to proceeds from our $200,000 Convertible Note, a $55,000 line of credit and a $10,000 short-term loan from Aetrex as discussed below. During 2011 we also received proceeds totaling $297,500 from the sale of 5,950,000 units in a private placement. The units consisted of 5,950,000 shares of our common stock and 5,720,000 warrants to purchase additional shares of common stock, exercisable at $0.08 per warrant. In October 2011, we registered the resale by the investors of the foregoing securities that were sold in the private placement.

Because revenues from our operations have, to date, been insufficient to fund our working capital needs, we currently rely on the cash we receive from our financing activities to fund our capital expenditures and to support our working capital requirements. Although we anticipate (i) that revenues from the Navistar™ GPS Shoe that was released at the end of fiscal 2011 will increase during 2013, and (ii) that we will receive additional revenues under our other licenses, the amount and timing of such revenues is unknown. For our internal budgeting purposes, we have assumed that such revenues will not be sufficient to fund all of our planned operating and other expenditure. In addition, our actual cash expenditures may exceed our planned expenditures, particularly if we invest in the development of improved versions of our existing products and technologies, and if we increase our marketing expenses. Accordingly, we anticipate that we will have to raise additional capital in order to fund our operations in 2013.

On June 27, 2012, the Company entered into an agreement with an unrelated third party (the "Holder") for a $55,000 line of credit (the "Line Agreement"). In accordance with the Line Agreement, the Company is required to repay 115%

of each amount advanced (the “Advance Amount”) and must make mandatory payments on each Advance Amount every 30 days from the date the Advance Amount is requested in an amount equal to 1/3 of the Advance Amount. All Advance Amounts are required to be repaid in full by the maturity date, November 27, 2012. The Company issued the Holder 250,000 shares of its common stock as an incentive for entering into the Line Agreement. The stock was valued at the current market price of $0.04 per share or $10,000. The Company paid the Holder administrative fees totalling $2,000 for due diligence, document creation expense, closing costs, and transaction administration expenses. In accordance with the Line Agreement, the Company is obligated to issue up to 640,645 shares to secure the re-payment of the Advance Amounts. The Company was unable to make the mandatory payments or repay the Advance Amounts by the November 27, 2012 maturity date. As of December 31, 2012, we had borrowed $30,000 under the Line Agreement, recognized an additional $4,500 in finance costs and made payments to the Holder totalling $21,000 resulting in a net amount owed under the Line Agreement of $13,500 at December 31, 2012.

On January 14, 2013, the Holder of the Line Agreement entered into assignment agreement with an unrelated third party (the “Assignee”) whereby the Assignee assumed all of the Holder’s right, title, and interest in and to the Line Agreement in the aggregate amount of $13,500 (the “Note”). As consideration for the assignment of the Note, on January 15, 2013 we paid the Assignee 2,459,355 shares of common stock and the Assignee paid the Holder $13,500. The market value of the 2,459,355 shares of common stock on the date of the assignment was approximately $49,000, or $0.02 per share resulting in the Company incurring finance costs of approximately $35,500.

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On September 19, 2012, Aetrex loaned the Company $10,000 to fund working capital needs as the initial sales of the Navistar™ GPS Shoes have been slow. The loan is non-interest bearing and was due on November 30, 2012. As of December 31, 2012, the Company has not repaid the Aetrex loan and $9,500 remains outstanding. In addition to the Aetrex loan, as of December 31, 2012 the Company owes Aetrex approximately $15,000 primarily related to payments received by the GTX for sales of the Navistar™ GPS Shoes, as well as, Aetrex's portion of monthly service fees related to the Navistar™ GPS Shoes.

On November 14, 2012, the Company entered into a convertible promissory note in the principal amount of $200,000 with a 10% original issue discount (the "Convertible Note"). Upon closing of the Convertible Note, the lender made an initial $25,000 advance of consideration to the Company. The lender may pay additional consideration to the Company as loan advances in such amounts and at such dates as the lender may choose in its sole discretion. On February 27, 2013, the lender advanced the Company an additional $25,000. The Convertible Note mature