

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,740,358	\$ 18,321,349
Restricted cash	841,791	—
Accounts receivable, net	468,796	585,051
Inventory	792,812	2,024,676
Other current assets	312,698	401,329
Total current assets	<u>13,156,455</u>	<u>21,332,405</u>
 PROPERTY AND EQUIPMENT		
Equipment and office fixtures	14,239,354	13,495,418
Building and land	4,702,173	3,709,873
Accumulated depreciation	(9,156,023)	(6,875,121)
Total property and equipment	<u>9,785,504</u>	<u>10,330,170</u>
 OTHER ASSETS		
Inventory (non-current)	6,400,963	5,746,970
Other long term assets	1,119,539	1,148,155
Total other assets	<u>7,520,502</u>	<u>6,895,125</u>
Total assets	<u>\$ 30,462,461</u>	<u>\$ 38,557,700</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 988,406	\$ 776,378
Accrued expenses and other	2,166,315	3,644,350
Mortgage and loans payable	5,172,331	449,024
Total current liabilities	<u>8,327,052</u>	<u>4,869,752</u>
 LONG TERM LIABILITIES		
Mortgage and loans payable	3,123,233	2,601,286
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	<u>4,010,733</u>	<u>3,488,786</u>
Total liabilities	<u>12,337,785</u>	<u>8,358,538</u>
 STOCKHOLDERS' EQUITY		
Preferred stock - \$.0001 par value; 2,469,972 shares authorized; none outstanding	—	—
Preferred stock series D convertible - \$.0001 par value; 7,340,000 shares authorized; 6,900,000 and 6,900,000 issued and outstanding, respectively	690	690
Preferred stock series E convertible - \$.0001 par value; 20 shares authorized; 13 issued and outstanding	—	—
Preferred stock series F convertible - \$.0001 par value; 30 shares authorized; none outstanding	—	—
Common stock - \$.0001 par value; 100,000,000 shares authorized; 52,410,248 and 47,766,848 issued and outstanding	5,241	4,777
Additional paid-in capital	106,425,370	93,659,049
Accumulated deficit	(88,306,625)	(63,465,354)
Total stockholders' equity	<u>18,124,676</u>	<u>30,199,162</u>
Total liabilities and stockholders' equity	<u>\$ 30,462,461</u>	<u>\$ 38,557,700</u>

The accompanying notes are an integral part of these financial statements and can be accessed in their entirety in our Annual Report on file with the Securities and Exchange Commission at www.sec.gov.

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	12 Month Period Ended December 31, 2008	12 Month Period Ended December 31, 2007	12 Month Period Ended December 31, 2006
REVENUE.....	\$ 4,104,778	\$ 6,146,889	\$ 5,063,920
OPERATING EXPENSES			
Cost of sales.....	631,613	2,291,540	1,087,830
Operations and research.....	18,612,910	14,282,070	15,025,525
Marketing, general and administrative	9,825,392	13,333,177	8,695,309
Total operating expenses	<u>29,069,915</u>	<u>29,906,787</u>	<u>24,808,664</u>
LOSS FROM OPERATIONS	(24,965,137)	(23,759,898)	(19,744,744)
OTHER INCOME OR (EXPENSE)			
Interest income.....	227,146	335,066	103,580
Interest expense	(196,409)	(475,368)	(305,644)
Other income	93,129	67,346	858,723
Total other income or (expense)	<u>123,866</u>	<u>(72,956)</u>	<u>656,659</u>
LOSS BEFORE INCOME TAXES.....	(24,841,271)	(23,832,854)	(19,088,085)
Income tax (provision) benefit.....	—	—	—
NET LOSS.....	<u>\$ (24,841,271)</u>	<u>\$ (23,832,854)</u>	<u>\$ (19,088,085)</u>
LOSS PER SHARE			
Basic and diluted.....	\$ (.50)	\$ (.54)	\$ (.41)
Weighted average number of common shares outstanding			
Basic and diluted.....	49,202,394	47,139,088	46,150,593

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	12 Month Period Ended December 31, 2008	12 Month Period Ended December 31, 2007	12 Month Period Ended December 31, 2006
Preferred Stock, Series D – Shares			
At beginning of year	6,900,000	2,500,000	—
Preferred stock issued for cash	—	4,400,000	2,500,000
At end of year	6,900,000	6,900,000	2,500,000
Preferred Stock, Series E – Shares			
At beginning of year	13	—	—
Preferred stock issued for cash	—	13	—
At end of year	13	13	—
Preferred Stock, Series F – Shares			
At beginning of year	22	—	—
Preferred stock converted to common stock	(22)	—	—
Preferred stock issued for cash	—	22	—
At end of year	—	22	—
Common Stock – Shares			
At beginning of year	47,766,848	46,785,254	45,823,224
Common stock issued for preferred stock, Series F, conversion	2,200,000	—	—
Common stock issued for cash	2,351,174	887,547	830,954
Common stock issued for services	92,226	94,047	131,076
At end of year	52,410,248	47,766,848	46,785,254
Preferred Stock, Series D			
At beginning of year	\$ 690	\$ 250	\$ —
Preferred stock issued for cash	—	440	250
At end of year	\$ 690	\$ 690	\$ 250
Preferred Stock, Series E			
At beginning of year	\$ —	\$ —	\$ —
Preferred stock issued for cash	—	—	—
At end of year	\$ —	\$ —	\$ —
Preferred Stock, Series F			
At beginning of year	\$ —	\$ —	\$ —
Preferred stock issued for cash	—	—	—
At end of year	\$ —	\$ —	\$ —
Common Stock			
At beginning of year	\$ 4,777	\$ 4,678	\$ 4,582
Common stock issued for preferred stock, Series F, conversion	220	—	—
Common stock issued for cash	235	90	83
Common stock issued for services	9	9	13
At end of year	\$ 5,241	\$ 4,777	\$ 4,678
Paid-in Capital			
At beginning of year	\$ 93,659,049	\$ 55,437,954	\$ 43,870,228
Series D Preferred stock issued for cash	—	14,255,000	8,749,750
Series E Preferred stock issued for cash	—	6,955,000	—
Series F Preferred stock issued for cash	—	11,880,000	—
Common stock issued for cash	10,822,885	2,048,721	1,889,109
Share-based compensation	1,943,656	1,527,036	928,867
Beneficial conversion option on preferred stock, issuance	—	1,555,338	—
Common stock issued for preferred stock, Series F, conversion	(220)	—	—
At end of year	\$ 106,425,370	\$ 93,659,049	\$ 55,437,954
Accumulated Deficit			
At beginning of year	\$ (63,465,354)	\$ (38,077,162)	\$ (18,989,077)
Net loss	(24,841,271)	(23,832,854)	(19,088,085)
Beneficial conversion option on preferred stock issuance	—	(1,555,338)	—
At end of year	(88,306,625)	(63,465,354)	(38,077,162)
Total stockholders' equity	\$ 18,124,676	\$ 30,199,162	\$ 17,365,720

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	12 Month Period Ended December 31, 2008	12 Month Period Ended December 31, 2007	12 Month Period Ended December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (24,841,271)	\$ (23,832,854)	\$ (19,088,085)
Adjustments to reconcile net loss to net cash used by operating activity:			
Financing costs	73,294	—	—
Share based compensation	1,846,341	1,337,650	928,880
Depreciation.....	2,617,809	3,535,852	3,139,589
(Gain) Loss on disposal of equipment	78,060	18,576	(139,659)
(Increase) decrease in:			
Restricted cash	(841,791)	—	—
Accounts receivable.....	116,255	(141,528)	1,047,642
Inventory.....	577,871	1,844,591	952,071
Other assets.....	108,505	(21,956)	90,285
Increase (decrease) in:			
Accounts payable.....	212,028	277,896	(102,644)
Accrued expenses and other	(1,380,711)	1,874,681	66,296
NET CASH (USED) IN OPERATING ACTIVITIES	(21,433,610)	(15,107,092)	(13,105,625)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and improvements.....	(1,375,461)	(679,874)	(2,310,954)
Attractions development.....	—	—	(150,667)
Proceeds from sale of equipment.....	12,000	—	553,240
NET CASH (USED) IN INVESTING ACTIVITIES.....	(1,363,461)	(679,874)	(1,908,381)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	10,823,120	2,049,250	1,946,193
Proceeds from issuance of loan payable	10,040,500	—	5,185,485
Proceeds from issuance of preferred stock	—	33,135,000	8,750,000
Broker commissions and fees on private offering.....	—	(45,000)	(57,000)
Repayment of mortgage and loans payable	(5,647,540)	(3,446,777)	(1,678,161)
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	15,216,080	31,692,473	14,146,517
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(7,580,991)	15,905,507	(867,489)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	18,321,349	2,415,842	3,283,331
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,740,358	\$ 18,321,349	\$ 2,415,842
SUPPLEMENTARY INFORMATION:			
Interest paid	\$ 176,892	\$ 471,943	\$ 303,388
Income taxes paid	\$ —	\$ —	\$ —
NON CASH TRANSACTIONS:			
Settlement of outstanding debt with line of credit	\$ 3,018,310	\$ —	\$ —
Compensation paid by common stock	\$ 165,051	\$ 349,395	\$ —
Settlement of accounts receivable with accounts payable	\$ —	\$ —	\$ 53,539
Building and equipment purchased with financing.....	\$ 779,000	\$ —	\$ 1,120,000

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