

PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>(Unaudited)</u> <u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 11,881,858	\$ 2,415,842
Accounts receivable, net	616,835	443,523
Inventory	2,527,453	2,263,078
Other current assets	450,306	359,665
Total current assets	15,476,452	5,482,108
PROPERTY AND EQUIPMENT		
Equipment and office fixtures	13,482,724	12,764,389
Building and land	3,709,873	3,709,873
Accumulated depreciation.....	(6,263,841)	(4,539,855)
Total property and equipment.....	10,928,756	11,934,407
OTHER ASSETS		
Inventory (non current)	6,041,171	7,353,159
Attraction development	928,247	1,261,573
Other non current assets	1,150,340	1,176,606
Total other assets	8,119,758	9,791,338
Total assets	\$ 34,524,966	\$ 27,207,853
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 513,113	\$ 498,482
Accrued expenses.....	2,131,939	1,947,082
Mortgage and loans payable	3,447,898	3,443,605
Deposits	12,304	11,979
Total current liabilities	6,105,254	5,901,148
LONG TERM LIABILITIES		
Mortgage and loans payable	2,712,924	3,053,485
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	3,600,424	3,940,985
Total liabilities.....	9,705,678	9,842,133
STOCKHOLDERS' EQUITY		
Preferred stock - \$.0001 par value; 2,469,980 shares authorized; none outstanding	—	—
Preferred stock series D convertible - \$.0001 par value; 7,340,000 shares authorized; 6,900,000 and 2,500,000 issued and outstanding, respectively	690	250
Preferred stock series E convertible - \$.0001 par value; 20 shares authorized; 13 issued and outstanding	—	—
Common stock - \$.0001 par value; 100,000,000 shares authorized; 47,237,106 and 46,785,254 issued and outstanding.....	4,724	4,678
Additional paid-in capital.....	78,767,947	55,437,954
Accumulated deficit	(53,954,073)	(38,077,162)
Total stockholders' equity	24,819,288	17,365,720
Total liabilities and stockholders' equity.....	\$ 34,524,966	\$ 27,207,853

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited

	Three Months Ended	
	September 30, 2007	September 30, 2006
REVENUE.....	\$ 1,314,248	\$ 586,778
OPERATING EXPENSES		
Cost of sales.....	406,425	303,189
Marketing, general and administrative	2,843,352	1,320,404
Operations and research	3,483,606	5,099,625
Total operating expenses	6,733,383	6,723,218
LOSS FROM OPERATIONS.....	(5,419,135)	(6,136,440)
OTHER INCOME (EXPENSE)		
Interest income	113,966	20,517
Interest expense	(124,978)	(86,179)
Other.....	18,512	11,325
Total other income (expense)	7,500	(54,337)
LOSS BEFORE INCOME TAXES	(5,411,635)	(6,190,777)
Income tax benefit (provision)	—	—
NET LOSS	(5,411,635)	(6,190,777)
LOSS PER SHARE		
Basic and diluted	\$ (0.11)	\$ (0.13)
Weighted average number of common shares outstanding		
Basic and diluted.....	47,204,133	46,127,678

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited

	Nine Months Ended	
	September 30, 2007	September 30, 2006
REVENUE.....	\$ 5,195,793	\$ 3,409,790
OPERATING EXPENSES		
Cost of sales.....	1,418,394	677,126
Marketing, general and administrative	8,533,813	5,904,750
Operations and research	10,698,541	11,101,612
Total operating expenses	20,650,748	17,683,488
LOSS FROM OPERATIONS.....	(15,454,955)	(14,273,698)
OTHER INCOME (EXPENSE)		
Interest income	226,379	90,377
Interest expense	(372,163)	(164,376)
Other.....	61,326	36,792
Total other income (expense)	(84,458)	(37,207)
LOSS BEFORE INCOME TAXES	(15,539,413)	(14,310,905)
Income tax benefit (provision)	—	—
NET LOSS	(15,539,413)	(14,310,905)
LOSS PER SHARE		
Basic and diluted	\$ (.34)	\$ (.31)
Weighted average number of common shares outstanding		
Basic and diluted.....	47,033,938	46,066,563

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

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

	Nine Months Ended	
	September 30, 2007	September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (15,539,413)	\$ (14,310,905)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	1,986,063	2,329,004
Loss (Gain) on disposal of equipment	18,576	(252,396)
Share-based compensation	869,929	425,260
(Increase) decrease in:		
Accounts receivable	(173,312)	434,245
Inventory	1,047,613	606,884
Other assets	(70,933)	109,420
Increase (decrease) in:		
Accounts payable	14,631	(38,221)
Customer deposits	—	(82,979)
Accrued expenses	374,577	(718,401)
NET CASH (USED) IN OPERATING ACTIVITIES	(11,472,269)	(11,498,089)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(659,105)	(2,141,016)
Proceeds from sale of equipment	—	550,000
Attraction development	—	(72,776)
NET CASH (USED) IN INVESTING ACTIVITIES	(659,105)	(1,663,792)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	723,655	413,068
Proceeds from issuance of preferred stock	21,255,000	8,750,000
Broker commission and fees on private offering	(45,000)	(45,000)
Proceeds from mortgage and loans payable	—	3,694,583
Repayment of mortgage and loans payable	(336,265)	(1,573,076)
NET CASH PROVIDED BY FINANCING ACTIVITIES	21,597,390	11,239,575
NET INCREASE (DECREASE) IN CASH	9,466,016	(1,922,306)
CASH AT BEGINNING OF PERIOD	2,415,842	3,283,331
CASH AT END OF PERIOD	\$ 11,881,858	\$ 1,361,025
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ 361,732	\$ 155,425
Income taxes paid	\$ —	\$ —
NON CASH TRANSACTIONS:		
Beneficial conversion option related to preferred stock issuance	\$ 337,498	\$ —
Settlement of accounts receivable with accounts payable	\$ —	\$ 53,539
Equipment purchased with financing	\$ —	\$ 1,120,000
Accrued compensation paid by common stock	\$ 189,395	\$ —