

**ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<u>December 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 2,415,842	\$ 3,283,331
Accounts receivable, net .....	443,523	1,527,913
Inventory .....	2,263,078	4,728,394
Other current assets .....	359,665	729,678
<b>Total current assets .....</b>	<b><u>5,482,108</u></b>	<b><u>10,269,316</u></b>
 <b>PROPERTY AND EQUIPMENT</b>		
Equipment and office fixtures .....	12,764,389	10,745,738
Building and land .....	3,709,873	3,973,988
Accumulated depreciation .....	(4,539,855)	(2,738,572)
<b>Total property and equipment .....</b>	<b><u>11,934,407</u></b>	<b><u>11,981,154</u></b>
 <b>OTHER ASSETS</b>		
Inventory (non current) .....	7,353,159	5,839,914
Attraction development .....	1,261,573	1,172,475
Other long term assets .....	1,176,606	927,599
<b>Total other assets .....</b>	<b><u>9,791,338</u></b>	<b><u>7,939,988</u></b>
<b>Total assets .....</b>	<b><u>\$ 27,207,853</u></b>	<b><u>\$ 30,190,458</u></b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 498,482	\$ 601,129
Accrued expenses .....	1,947,082	1,843,261
Mortgage and loans payable .....	3,443,605	111,433
Deposits .....	11,979	103,069
<b>Total current liabilities .....</b>	<b><u>5,901,148</u></b>	<b><u>2,658,892</u></b>
 <b>LONG TERM LIABILITIES</b>		
Mortgage and loans payable .....	3,053,485	1,758,333
Deferred income from Revenue Participation Certificates .....	887,500	887,500
<b>Total long term liabilities .....</b>	<b><u>3,940,985</u></b>	<b><u>2,645,833</u></b>
<b>Total liabilities .....</b>	<b><u>9,842,133</u></b>	<b><u>5,304,725</u></b>
 <b>STOCKHOLDERS' EQUITY</b>		
Preferred stock – \$.0001 par value; 6,800,000 shares authorized; none outstanding .....	—	—
Preferred stock series A convertible – \$.0001 par value; 510,000 shares authorized; none issued or outstanding .....	—	—
Preferred stock series D convertible – \$.0001 par value; 2,500,000 shares authorized; 2,500,000 issued and outstanding .....	250	—
Common stock – \$.0001 par value; 100,000,000 shares authorized; 46,785,254 and 45,823,224 issued and outstanding .....	4,678	4,582
Additional paid-in capital .....	55,437,954	43,870,228
Accumulated deficit .....	(38,077,162)	(18,989,077)
<b>Total stockholders' equity .....</b>	<b><u>17,365,720</u></b>	<b><u>24,885,733</u></b>
<b>Total liabilities and stockholders' equity .....</b>	<b><u>\$ 27,207,853</u></b>	<b><u>\$ 30,190,458</u></b>

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

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

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
REVENUE.....	\$ 5,063,920	\$ 10,036,575	\$ 17,622,092
<b>OPERATING EXPENSES</b>			
Cost of sales.....	1,087,830	1,098,014	1,883,912
Operations and research.....	15,025,525	11,294,015	1,962,186
Marketing, general & administrative .....	8,695,309	9,294,056	5,072,681
Total operating expenses .....	<u>24,808,664</u>	<u>21,686,085</u>	<u>8,918,779</u>
INCOME (LOSS) FROM OPERATIONS .....	(19,744,744)	(11,649,510)	8,703,313
<b>OTHER INCOME OR (EXPENSE)</b>			
Interest income.....	103,580	57,882	6,011
Interest expense .....	(305,644)	(121,439)	(57,842)
Other income .....	858,723	74,692	40,667
Total other income or (expense) .....	<u>656,659</u>	<u>11,135</u>	<u>(11,164)</u>
INCOME (LOSS) BEFORE INCOME TAXES .....	(19,088,085)	(11,638,375)	8,692,149
Income tax (provision) benefit.....	—	(3,281,510)	(3,462,911)
NET INCOME (LOSS) .....	<u>\$ (19,088,085)</u>	<u>\$ (14,919,885)</u>	<u>\$ 5,229,238</u>
<b>EARNINGS (LOSS) PER SHARE</b>			
Basic .....	\$ (.41)	\$ (.35)	\$ 0.14
Diluted .....	\$ (.41)	\$ (.35)	\$ 0.13
Weighted average number of common shares outstanding			
Basic .....	46,150,593	42,373,217	38,400,329
Diluted .....	46,150,593	42,373,217	40,254,049

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

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
<b>Preferred Stock, Series D – Shares</b>			
At beginning of year.....	—	—	—
Preferred stock issued for cash.....	2,500,000	—	—
At end of year.....	<u>2,500,000</u>	<u>—</u>	<u>—</u>
<b>Common Stock – Shares</b>			
At beginning of year.....	45,823,224	38,530,599	37,993,099
Common stock issued for cash.....	830,954	7,252,625	537,500
Common stock issued for services.....	131,076	40,000	—
At end of year.....	<u>46,785,254</u>	<u>45,823,224</u>	<u>38,530,599</u>
<b>Preferred Stock , Series D</b>			
At beginning of year.....	\$ —	\$ —	\$ —
Preferred stock issued for cash.....	250	—	—
At end of year.....	<u>\$ 250</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Common Stock</b>			
At beginning of year.....	\$ 4,582	\$ 3,853	\$ 3,799
Common stock issued for cash.....	83	729	54
Common stock issued for services.....	13	—	—
At end of year.....	<u>\$ 4,678</u>	<u>\$ 4,582</u>	<u>\$ 3,853</u>
<b>Paid-in Capital</b>			
At beginning of year.....	\$ 43,870,228	\$ 26,430,934	\$ 25,147,839
Series D Preferred stock issued for cash.....	8,749,750	—	—
Common stock issued for cash.....	1,889,109	16,848,083	1,030,259
Common stock issued for services.....	391,275	100,000	—
Stock options issued for services.....	537,592	38,101	—
Tax benefit on exercised employee stock options.....	—	453,110	252,836
At end of year.....	<u>\$ 55,437,954</u>	<u>\$ 43,870,228</u>	<u>\$ 26,430,934</u>
<b>Accumulated Unrealized Loss in Investment</b>			
At beginning of year.....	\$ —	\$ 554	\$ 2,988
Net change in unrealized gain on investments, net of tax.....	—	(554)	(2,434)
At end of year.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 554</u>
<b>Accumulated Deficit</b>			
At beginning of year.....	\$ (18,989,077)	\$ (4,069,192)	\$ (9,298,430)
Net income (loss).....	(19,088,085)	(14,919,885)	5,229,238
At end of year.....	<u>(38,077,162)</u>	<u>(18,989,077)</u>	<u>(4,069,192)</u>
Total shareholders' equity.....	<u>\$ 17,365,720</u>	<u>\$ 24,885,733</u>	<u>\$ 22,366,149</u>
<b>Comprehensive Income (Loss)</b>			
Net income (Loss).....	\$ (19,088,085)	\$ (14,919,885)	\$ 5,229,238
Net change in unrealized gain on investments, net of tax.....	—	(554)	(2,434)
At end year.....	<u>\$ (19,088,085)</u>	<u>\$ (14,920,439)</u>	<u>\$ 5,226,804</u>

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

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

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income (Loss) .....	\$ (19,088,085)	\$ (14,919,885)	\$ 5,229,238
Adjustments to reconcile net income (loss) to net cash used by operating activity:			
Effect of unrealized gain on investments .....	—	—	(2,434)
Tax benefit related to exercise of employee stock options .....	—	453,110	252,836
Share based compensation .....	928,880	38,101	—
Depreciation.....	3,139,589	1,445,551	362,114
(Gain) Loss on disposal of equipment .....	(139,659)	43,528	20,000
(Increase) decrease in:			
Accounts receivable.....	1,047,642	210,004	(2,092,438)
Inventory.....	952,071	(717,110)	(5,658,105)
Other assets.....	90,285	(687,797)	(82,646)
Deferred tax asset .....	—	2,828,400	3,208,198
Increase (decrease) in:			
Accounts payable.....	(102,644)	9,988	(402,388)
Accrued expenses and other .....	66,266	319,041	1,926,773
<b>NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES ..</b>	<b>(13,105,655)</b>	<b>(10,977,069)</b>	<b>2,761,148</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and improvements.....	(2,310,954)	(1,869,532)	(2,217,418)
Attractions development.....	(150,667)	(3,656,982)	(569,634)
Proceeds from sale of equipment.....	553,240	49,647	—
Purchase of building and land.....	—	—	(1,333,481)
<b>NET CASH USED IN INVESTING ACTIVITIES .....</b>	<b>(1,908,381)</b>	<b>(5,476,867)</b>	<b>(4,120,533)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of common stock .....	1,946,193	16,848,813	1,030,313
Proceeds from issuance of loan payable .....	5,185,485	11,433	1,523,700
Proceeds from sale of marketable securities .....	—	—	1,996,420
Proceeds from issuance of preferred stock .....	8,750,000	—	—
Broker commissions and fees on private offering.....	(57,000)	—	—
Repayment of mortgage and loans payable .....	(1,678,161)	(173,700)	(1,491,667)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES.....</b>	<b>14,146,517</b>	<b>16,686,546</b>	<b>3,058,766</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>(867,489)</b>	<b>232,610</b>	<b>1,699,381</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.</b>	<b>3,283,331</b>	<b>3,050,721</b>	<b>1,351,340</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	<b>\$ 2,415,842</b>	<b>\$ 3,283,331</b>	<b>\$ 3,050,721</b>
<b>SUPPLEMENTARY INFORMATION:</b>			
Interest paid .....	\$ 303,388	\$ 119,174	\$ 53,051
Income taxes paid .....	\$ —	\$ —	\$ —
<b>NON CASH TRANSACTIONS:</b>			
Depreciation reclassified as inventory .....	\$ —	\$ 72,912	\$ 374,123
Compensation paid by common stock .....	\$ —	\$ 100,000	\$ —
Settlement of accounts receivable with accounts payable .....	\$ 53,539	\$ 317,350	\$ 40,000
Building and equipment purchased with financing.....	\$ 1,120,000	\$ —	\$ 2,000,000