

PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>(Unaudited)</u> <u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 6,173,745	\$ 18,321,349
Restricted cash	490,963	—
Accounts receivable, net	462,168	585,051
Inventory	1,398,814	2,024,676
Other current assets	308,854	401,329
Total current assets	8,834,544	21,332,405
PROPERTY AND EQUIPMENT		
Equipment and office fixtures	14,101,788	13,495,418
Building and land	4,702,173	3,709,873
Accumulated depreciation	(7,995,774)	(6,875,121)
Total property and equipment, net.....	10,808,187	10,330,170
OTHER ASSETS		
Inventory (non current)	6,057,591	5,746,970
Other non current assets	1,136,561	1,148,155
Total other assets	7,194,152	6,895,125
Total assets	\$ 26,836,883	\$ 38,557,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 559,175	\$ 776,378
Accrued expenses	1,693,523	3,562,260
Mortgage and loans payable	2,542,774	449,024
Deposits	16,979	82,090
Total current liabilities	4,812,451	4,869,752
LONG TERM LIABILITIES		
Mortgage and loans payable	734,917	2,601,286
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	1,622,417	3,488,786
Total liabilities.....	6,434,868	8,358,538
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 issued and outstanding.....	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; 22 issued and outstanding	—	—
Common stock - \$.0001 par value; 100,000,000 shares authorized; 48,129,636 and 47,766,848 issued and outstanding	4,813	4,777
Additional paid-in capital.....	96,082,606	93,659,049
Accumulated deficit	(75,686,094)	(63,465,354)
Total stockholders' equity	20,402,015	30,199,162
Total liabilities and stockholders' equity.....	\$ 26,836,883	\$ 38,557,700

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	
	June 30, 2008	June 30, 2007
REVENUE.....	\$ 1,120,553	\$ 1,732,348
OPERATING EXPENSES		
Cost of sales.....	233,629	525,939
Marketing, general and administrative	2,409,328	3,026,709
Operations and research	3,976,649	4,461,103
Total operating expenses	6,619,606	8,013,751
LOSS FROM OPERATIONS.....	(5,499,053)	(6,281,403)
OTHER INCOME (EXPENSE)		
Interest income	37,199	68,556
Interest expense	(9,772)	(123,771)
Other.....	31,947	18,998
Total other income (expense)	59,374	(36,217)
LOSS BEFORE INCOME TAXES	(5,439,679)	(6,317,620)
Income tax benefit (provision)	—	—
NET LOSS	(5,439,679)	(6,317,620)
NET LOSS PER SHARE		
Basic and diluted	\$ (0.11)	\$ (0.13)
Weighted average number of common shares outstanding		
Basic and diluted.....	48,082,117	47,038,620

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

	Six Months Ended	
	June 30, 2008	June 30, 2007
REVENUE.....	\$ 1,401,582	\$ 3,881,544
OPERATING EXPENSES		
Cost of sales.....	326,749	1,011,969
Marketing, general and administrative	5,695,331	5,690,462
Operations and research	7,764,291	7,214,935
Total operating expenses	13,786,371	13,917,366
LOSS FROM OPERATIONS.....	(12,384,789)	(10,035,822)
OTHER INCOME (EXPENSE)		
Interest income	142,760	112,413
Interest expense	(48,209)	(247,184)
Other.....	69,497	42,814
Total other income (expense)	164,048	(91,957)
LOSS BEFORE INCOME TAXES	(12,220,741)	(10,127,779)
Income tax benefit (provision)	—	—
NET LOSS	(12,220,741)	(10,127,779)
NET LOSS PER SHARE		
Basic and diluted	\$ (0.25)	\$ (0.25)
Weighted average number of common shares outstanding		
Basic and diluted.....	47,997,164	46,947,430

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

	Six Months Ended	
	June 30, 2008	June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss.....	\$ (12,220,741)	\$ (10,127,779)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	1,435,126	1,285,784
Financing costs	33,794	—
Loss on disposal of equipment.....	28,386	18,576
Share-based compensation.....	1,249,671	661,786
(Increase) decrease in:		
Restricted cash	(490,963)	—
Accounts receivable	122,883	56,193
Inventory	315,241	718,072
Other assets	99,699	(109,169)
Increase (decrease) in:		
Accounts payable	(217,203)	149,293
Accrued expenses.....	(1,768,795)	(11,181)
NET CASH (USED) BY OPERATING ACTIVITIES	(11,412,902)	(7,358,425)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,170,159)	(527,098)
Proceeds from sale of equipment	12,000	—
NET CASH (USED) BY INVESTING ACTIVITIES	(1,158,159)	(527,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock.....	808,870	452,781
Proceeds from issuance of preferred stock.....	—	14,300,000
Proceeds from warrants exercise.....	200,000	—
Broker commission and fees on private offering.....	—	(45,000)
Proceeds from issuance of loan payable.....	2,500,000	—
Repayment of mortgage and loans payable.....	(3,085,413)	(226,030)
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	423,457	14,481,751
NET INCREASE (DECREASE) IN CASH	(12,147,604)	6,596,228
CASH AT BEGINNING OF PERIOD.....	18,321,349	2,415,842
CASH AT END OF PERIOD.....	\$ 6,173,745	\$ 9,012,070
SUPPLEMENTARY INFORMATION:		
Interest paid.....	\$ 48,856	\$ 257,479
Income taxes paid.....	\$ —	\$ —
NON CASH TRANSACTIONS:		
Beneficial conversion option related to preferred stock issuance.....	\$ —	\$ 1,555,338
Settlement of outstanding balances with line of credit.....	\$ 3,018,310	\$ —
Building and equipment purchased with financing	\$ 779,000	\$ —
Accrued compensation paid by common stock	\$ 165,051	\$ 189,395
Transfer of Attraction development assets into Property and equipment	\$ —	\$ 280,539

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