

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>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 10,388,825	\$ 18,321,349
Restricted cash	936,509	—
Accounts receivable, net	708,809	585,051
Inventory	1,245,745	2,024,676
Other current assets	307,711	401,329
Total current assets	13,587,599	21,332,405
PROPERTY AND EQUIPMENT		
Equipment and office fixtures.....	14,171,377	13,495,418
Building and land.....	4,702,173	3,709,873
Accumulated depreciation.....	(8,598,101)	(6,875,121)
Total property and equipment, net.....	10,275,449	10,330,170
OTHER ASSETS		
Inventory (non current).....	6,057,591	5,746,970
Other non current assets	1,121,725	1,148,155
Total other assets	7,179,316	6,895,125
Total assets	\$ 31,042,364	\$ 38,557,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable.....	\$ 793,601	\$ 776,378
Accrued expenses and other.....	2,084,501	3,644,350
Mortgage and loans payable	172,046	449,024
Total current liabilities	3,050,148	4,869,752
LONG TERM LIABILITIES		
Mortgage and loans payable	3,160,050	2,601,286
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	4,047,550	3,488,786
Total liabilities.....	7,097,698	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; 50,148,386 and 47,766,848 issued and outstanding	5,015	4,777
Additional paid-in capital.....	106,173,739	93,659,049
Accumulated deficit	(82,234,778)	(63,465,354)
Total stockholders' equity	23,944,666	30,199,162
Total liabilities and stockholders' equity.....	\$ 31,042,364	\$ 38,557,700

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

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

	Three Months Ended	
	September 30, 2008	September 30, 2007
REVENUE.....	\$ 2,218,926	\$ 1,314,248
OPERATING EXPENSES		
Cost of sales.....	177,512	406,425
Marketing, general and administrative	2,515,737	2,843,352
Operations and research	6,076,031	3,483,606
Total operating expenses	8,769,280	6,733,383
LOSS FROM OPERATIONS.....	(6,550,354)	(5,419,135)
OTHER INCOME (EXPENSE)		
Interest income	31,826	113,966
Interest expense	(53,945)	(124,978)
Other.....	23,789	18,512
Total other income (expense)	1,670	7,500
LOSS BEFORE INCOME TAXES.....	(6,548,684)	(5,411,635)
Income tax benefit (provision)	—	—
NET LOSS.....	(6,548,684)	(5,411,635)
NET LOSS PER SHARE		
Basic and diluted	\$ (0.13)	\$ (0.11)
Weighted average number of common shares outstanding		
Basic and diluted.....	49,085,641	47,204,133

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

	Nine Months Ended	
	September 30, 2008	September 30, 2007
REVENUE	\$ 3,620,508	\$ 5,195,793
OPERATING EXPENSES		
Cost of sales	504,261	1,418,394
Marketing, general and administrative	8,211,067	8,533,813
Operations and research	13,840,322	10,698,541
Total operating expenses	22,555,650	20,650,748
LOSS FROM OPERATIONS	(18,935,142)	(15,454,955)
OTHER INCOME (EXPENSE)		
Interest income	174,586	226,379
Interest expense	(102,154)	(372,163)
Other	93,285	61,326
Total other income (expense)	165,717	(84,458)
LOSS BEFORE INCOME TAXES	(18,769,425)	(15,539,413)
Income tax benefit (provision)	—	—
NET LOSS	(18,769,425)	(15,539,413)
NET LOSS PER SHARE		
Basic and diluted	\$ (.39)	\$ (.36)
Weighted average number of common shares outstanding		
Basic and diluted	48,362,638	47,033,938

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

	Nine Months Ended	
	September 30, 2008	September 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss.....	\$ (18,769,425)	\$ (15,539,413)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization.....	2,039,639	1,986,063
Financing costs.....	73,294	—
Loss on disposal of equipment.....	28,386	18,576
Share-based compensation.....	1,526,756	869,929
(Increase) decrease in:		
Restricted cash.....	(936,509)	—
Accounts receivable.....	(123,758)	(173,312)
Inventory.....	468,310	1,047,613
Other assets.....	113,492	(70,933)
Increase (decrease) in:		
Accounts payable.....	17,223	14,631
Accrued expenses and other.....	(1,394,796)	374,577
NET CASH (USED) BY OPERATING ACTIVITIES.....	(16,957,388)	(11,472,269)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment.....	(1,239,749)	(659,105)
Proceeds from sale of equipment.....	12,000	—
NET CASH (USED) BY INVESTING ACTIVITIES.....	(1,227,749)	(659,105)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock.....	10,623,120	723,655
Proceeds from issuance of preferred stock.....	—	21,255,000
Proceeds from warrants exercise.....	200,000	—
Broker commission and fees on private offering.....	—	(45,000)
Proceeds from issuance of loan payable.....	5,040,500	—
Repayment of mortgage and loans payable.....	(5,611,007)	(336,265)
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	10,252,613	21,597,390
NET INCREASE (DECREASE) IN CASH.....	(7,932,524)	9,466,016
CASH AT BEGINNING OF PERIOD.....	18,321,349	2,415,842
CASH AT END O	\$ 10,388,825	\$ 11,881,858
SUPPLEMENTARY INFORMATION:		
Interest paid.....	\$ 98,645	\$ 361,732
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.....	\$ —	\$ 327,341

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