ODYSSEY MARINE EXPLORATION INC

FORM 10-K
(Annual Report)

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Address	5215 WEST LAUREL STREET
	TAMPA, FL 33607
Telephone	(813) 876-1776
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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-31895

ODYSSEY MARINE EXPLORATION, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	**84-1018684**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5215 W. Laurel Street, Tampa, Florida 33607
(Address of principal executive offices)

(813) 876-1776
(Registrant's telephone number including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes ☐ No ☒

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the 33.3 million shares of voting stock held by non-affiliates of Odyssey Marine Exploration, Inc. as of June 30, 2006 approximated $82.6 million. As of March 1, 2007, the Registrant had 46,897,833 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Form 10-K is incorporated by reference to the Company's Definitive Proxy Statement for the

Registrant’s Annual Meeting of the Shareholders to be held on May 18, 2007.

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As used in this Annual Report on Form 10-K, "we," "us," "our company" and "Odyssey" means Odyssey Marine Exploration, Inc. and our subsidiaries, unless the context indicates otherwise. Previously, Odyssey's fiscal year was a twelve-month period ending on the last day of February. As a result of a change in our fiscal year, Odyssey's 2004 transition period consisted of the ten-month period ended December 31, 2004. In 2005 and 2006 Odyssey's fiscal year included twelve-month periods.

PART I

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. The statements regarding Odyssey Marine Exploration, Inc. and its subsidiaries contained in this report that are not historical in nature, particularly those that utilize terminology such as "may," "will," "should," "likely," "expects," "anticipates," "estimates," "believes" or "plans," or comparable terminology, are forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements.

Important factors known to us that could cause such material differences are identified in this report and in our "RISK FACTORS" in Item 1A. We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any future disclosures we make on related subjects in future reports to the SEC.

ITEM 1. BUSINESS

Overview

Odyssey Marine Exploration, Inc. is engaged in the archaeologically sensitive exploration and recovery of deep-water shipwrecks throughout the world. We employ advanced state-of-the-art technology, including side scan sonar, remotely operated vehicles, or ROVs, and other advanced technology, that enables us to locate and recover shipwrecks at depths that were previously unreachable in an economically feasible manner. Odyssey continues to build on a foundation of shipwreck research, development of political relationships and advancement of techniques for deep ocean search and recovery. Odyssey is a Nevada corporation formed on March 5, 1986.

Our vision is to become the world leader in deep-ocean shipwreck exploration, archeological excavation, education, entertainment, and marketing of shipwreck cargoes and related merchandise.

Business Segments

We manage and evaluate the operating results of the business in two primary segments: shipwreck exploration and themed attractions.

Shipwreck Exploration – This segment includes all operating activities for exploration and recovery of deep-ocean shipwrecks including the marketing, sales and distribution of recovered artifacts, replicas, merchandise and books through various retail and wholesale sales channels. The departments included within this group include our marine operations, archaeology, conservation and research, sales and business development, and corporate administration.

Marine operations is tasked with the discovery and recovery of deep-ocean shipwrecks utilizing state-of-the-art technology, including side scan sonar, remotely operated vehicles (ROVs), and other advanced technology. They oversee ships, offshore technology, and ship and technical crews. The marine operations team has also developed proprietary procedures, software and equipment to improve the quality and speed of deep-ocean shipwreck operations.

Our archaeology, conservation and research department supports marine operations by providing target information as well as conducting historical research on artifacts recovered from shipwrecks. After recovered items are returned to shore, our conservation department stabilizes the artifacts and ultimately brings them to their final state of conservation. This department also provides the curation of company-owned artifacts.

Our sales and business development department includes support functions for the promotion and distribution of products through both retail and wholesale channels. Direct sales efforts (inbound and outbound call center and related infrastructure) were outsourced in the second quarter 2006 to an experienced direct marketing partner.

Our shipwreck exploration segment continues to rely significantly on the recovered shipwreck cargoes as a primary source of raw material. The availability of shipwreck cargo inventory is primarily dependent on the success of finding intrinsically valuable cargoes from shipwrecks. If we are not successful in the exploration and recovery of shipwrecks, we may not have sufficient raw materials to sell (see Item 1A. Risk Factors).

Our corporate administrative department oversees all aspects of business management and reporting including compliance. The department is also responsible for corporate marketing and communications, finance and accounting, information technology, legal and human resources.

Themed Attractions – Our themed attractions group is responsible for interactive attractions and exhibits that are designed to entertain and educate multi-generational audiences, and present Odyssey's unique shipwreck stories and artifacts. The exhibits showcase our proprietary technologies and the excitement of deep-ocean archeological shipwreck search and recovery. On June 8, 2005, we announced that a newly formed subsidiary, Odyssey Marine Entertainment, Inc., would open an interactive shipwreck and treasure attraction in the French Quarter of New Orleans, Louisiana. Located in the Jax Brewery, *Odyssey's Shipwreck & Treasure Adventure* was designed to appeal to the universal fascination with shipwrecks and sunken treasure and tell the stories behind some of the world's most famous shipwrecks, their treasure and historical artifacts, while allowing visitors to experience the adventure and excitement of deep-ocean shipwreck exploration through multiple hands-on interactive exhibits.

We held the grand opening of our first themed attraction, *Odyssey's Shipwreck & Treasure Adventure* , on August 27, 2005, at the Jax Brewery complex in the French Quarter of New Orleans. The attraction was closed early on the grand opening day due to Hurricane Katrina. We re-opened the attraction in February 2006 and closed it again in September 2006 because of market conditions in New Orleans. Odyssey received approximately $1.2 million in the fourth quarter 2006 as final insurance settlement on our claim for damages and business interruption due to the hurricane. As a result of our lease termination in New Orleans, we accelerated the estimated useful lives of certain assets and leasehold improvements in 2006. This acceleration resulted in additional expenses of $.9 million as of December 31, 2006. While the attraction is presently closed, we plan to relocate it to another market in 2007 and continue to research alternatives. We suspended completion of our second 5,000 square foot traveling exhibit attraction, which was approximately 75% complete, until we relocate our existing attraction.

A summary of our net revenues, income from operations and assets for our segments is found in Note S to the Consolidated Financial Statements in Item 8.

Shipwreck Project Criteria

Our marine research department continuously conducts research in an attempt to identify shipwreck projects that meet the following criteria:

- The shipwreck must be in deep water, thereby minimizing the possibility that it has been broken up and covered by shifting sands or the target of previous recovery efforts.
- The research must indicate that the shipwreck was carrying enough intrinsically valuable cargo to pay for the high cost associated with deep-ocean archaeological recovery, and to provide an attractive return for our investors and stockholders.
- The research must provide good navigational information concerning the sinking location in order to minimize the search area and provide a reasonable expectation that the wreck can be found.
- The issues relating to ownership of the shipwreck and its cargo must be resolved or reasonably predictable prior to beginning any recovery in order to minimize the potential for litigation.

The United Nations Educational Scientific and Cultural Organization, or UNESCO, has estimated that there are up to 3,000,000 shipwrecks contained within the oceans of the world. Historical records suggest that many were lost with verifiable cargoes of intrinsically valuable material.

Technology

Odyssey is a pioneer in the use of advanced deep-ocean technology for shipwreck exploration. We are not, for the most part, inventors of the technologies required for deep ocean search and recovery. We use technologies that others, primarily the military, oil industry, and telecommunications industry, have developed at great expense.

We have learned how to apply these technologies specifically to locate shipwrecks and to conduct precise archaeological recoveries at depths of 100 to 2,000 meters. Although we tend to use "off the shelf" technology because it is cost effective, we do have several proprietary software and equipment applications that maximize the effectiveness of our search and recovery systems. Software that precisely documents the archaeological excavation and advanced sediment removal and filtration systems are two examples of our technological innovations.

Equipment

Most of our projects are conducted in two phases. The search phase is conducted from a vessel outfitted with survey equipment and an inspection ROV. The recovery phase requires a vessel equipped with a work-class ROV, sophisticated positioning systems, and certain Odyssey technology and proprietary software, which allows us to record the recovery in an archaeologically sound manner.

In 2003, we purchased the 113-foot search and survey vessel RV *Odyssey* and equipped it with sophisticated search and identification equipment. That ship and search team successfully concluded the SS *Republic* ® (the SS *Republic* is a registered trademark of Odyssey Marine Exploration, Inc.) search operation with discovery of the shipwreck in August 2003. Prior to 2005, the RV *Odyssey* was our primary search vessel for coastal projects. The RV *Odyssey* was sold in 2006.

During 2003, we purchased a 251-foot dynamically-positioned ship named *Odyssey Explorer* and a 2,500 meter 200-HP work-class ROV that we nicknamed *ZEUS* . Coupled with a sophisticated suite of cameras, lighting and positioning equipment, as well as advanced computer monitoring and proprietary data management systems, *ZEUS* provides us the ability to perform extensive archaeological excavation work to depths of 2,000 meters. The Odyssey Explorer and *ZEUS* were mobilized and deployed to the SS *Republic* site in October 2003, where they conducted the archaeological excavation of the SS *Republic* shipwreck site and recovered over 51,000 gold and silver coins and approximately 14,000 other artifacts.

During early 2005, we acquired a new side-scan sonar system which allows us to map the seafloor approximately twice as fast as with our previous search system. Also during 2005, we entered into a charter agreement for a search vessel which we used during 2005 and 2006 search operations in our “Atlas” project area.

In June 2006, we purchased an additional ship similar in size to the *Odyssey Explorer* . This ship has been fitted with a complete suite of advanced search gear including Odyssey’s newest and most advanced side-scan sonar system. The ship is being utilized for conducting search operations and preliminary Remotely Operated Vehicle (ROV) survey operations on potential targets.

In June 2006, we purchased a second work-class Remotely Operated Vehicle (ROV) capable of conducting deep-ocean archaeological excavation and recovery work on the Company’s shipwreck projects. The new ROV, *ZEUS II,* is a 9-ton, advanced underwater robotic system capable of working on sites up to 2,000 meters deep, and at 400 HP, it has twice the power of *ZEUS* , making it one of the world’s most powerful deep ocean work platforms. *ZEUS II* provides us with a second highly specialized underwater robotic system to expand our capabilities for archaeological excavation and recovery. Adding a second ‘next generation’ *ZEUS* with more than twice as much power will allow us to seamlessly interchange our archaeologists and technicians between both systems while expanding our operational capacity.

Active Operational Projects

In the past, we have from time to time disclosed information concerning each of our existing and planned search operations. In order to protect the identities of the targets of our planned search operations, we have decided to defer disclosing specific information relating to our search targets until we have located the targeted shipwreck or shipwrecks and determined a course of action to protect our property rights.

SS Republic Project

The SS *Republic* was a side-wheel steamer lost in deep water in 1865 after battling a hurricane for several days. The ship, en-route from New York to New Orleans, was reportedly carrying $400,000 in specie (1865 face value) when it sank. The ship’s history includes service in both the Confederate and Union navies during the American Civil War **.**

We discovered the shipwreck in the summer of 2003 nearly 1,700 feet below the surface of the Atlantic Ocean approximately 100 miles off the Georgia coast. In March 2004, Odyssey was awarded title and ownership to the SS *Republic* shipwreck and cargo, including the hull, artifacts and the specie on board when she sank.

Odyssey completed the pre-disturbance survey work on the SS *Republic* shipwreck site in October 2003. Over 4,600 digital still photographs were taken over the course of 23 dives. The detailed photomosaic produced a high-resolution image of the shipwreck site and debris field. This served as a map to help the Odyssey team determine excavation priorities and can be used in later study and documentation of the SS *Republic.* Shortly after commencement of archaeological excavation of the site, a substantial number of gold and silver coins were revealed using Odyssey’s Sediment Removal and Filtration, or SeRF, system.

In late 2003, when it appeared that all the coins might have been located in one small area, we anticipated recovering them all within 60 days. We recovered significantly more coins than were expected because many of them were smaller denomination silver half dollar coins. The coin recovery was efficient, allowing for recovery of up to 2,000 coins or more per day, even though they were picked up one at a time. The necessity of excavating the entire shipwreck site in an attempt to locate the balance of the coins, which our research suggests should still be there, required a significantly longer timeframe for the site excavation.

The archaeological excavation and recovery was completed in February 2005. During the SS *Republic* excavation, more than 51,000 gold and silver coins and approximately 14,000 artifacts were recovered. Our ROV *ZEUS* completed 262 dives to the shipwreck site and debris field, logging almost 3,500 hours of bottom time. The coins recovered to date represent approximately 25 percent of the "$400,000 in specie" (1865 face value) that historical research indicates was on board the *Republic* when she sank. We have been declared the owners of the wreck and there is a federal injunction in place preventing others from disturbing the site.

Coins recovered from the SS *Republic* have been divided into two categories. The first category, our "numismatic collection," consists of coins that are indistinguishable from coins that have never been underwater. These have been priced to correlate with their numismatic value. The second category includes ungraded shipwreck coins ("shipwreck effect") that have been conserved and encased in a certified tamper-resistant holder by Numismatic Conservation Services, or NCS, and Numismatic Guaranty Corporation, or NGC.

To-date we have sold approximately $33 million gross revenue worth of SS *Republic* coins representing approximately 11,000 silver and 3,000 gold coins. As of December 31, 2006, we have a remaining inventory of approximately 800 gold coins and 36,000 silver coins. Of our remaining gold coin inventory, the majority of which are $10 Eagles which are not in as much demand by numismatic collectors as the higher-value numismatic $20 Double Eagles which have been predominantly sold.

There are no Revenue Participation Certificates or revenue sharing arrangements related to the *SS Republic* recovery.

Western Mediterranean Project

In April 2005, the Odyssey Explorer performed survey and archaeological work in the western Mediterranean. We located 23 shipwreck sites, produced 14 pre-disturbance photomosaics, and completed preliminary excavations on seven sites. The archaeological work resulted in the recovery of approximately 400 artifacts plus a substantial number of trading beads currently undergoing conservation and study by Odyssey's research department. Odyssey has performed additional work on potential high-value shipwreck projects in the Mediterranean area on its winter/spring 2007 operations schedule.

"Atlas" Search Project

The "Atlas" project is believed to be the most extensive shipwreck search operation ever launched. A minimum of five high-value shipwrecks are believed to be in the search area, which encompasses more than 5,000 square miles. Odyssey began search operations during the 2005 season and resumed operations in April 2006. During the 2006 season, work was concentrated in the seven search block areas which encompass the "Atlas" target of highest value, code-named "Tripoli." During 2005, much of the area was searched with high-resolution side-scan sonar. During 2006, a second pass was completed which included acoustic and magnetometer data-streams which helped Odyssey create a larger database of information. Overlaying all three layers provided an extremely precise, high-resolution map of the seven search blocks.

Once targets of interest were logged, additional high-resolution imagery and magnetometer surveys were utilized to further classify and map targets before ROVs were deployed to visually inspect and recover any artifacts deemed necessary for identification. During the entire 2006 survey period, at least two ships were mobilized to engage in this search operation, and during part of the summer, three ships were utilized.

Following is a summary of the operations conducted in the "Atlas/Tripoli" search area:

- Anomalies detected: 1,873
- Anomalies selected for further inspections: 1,017
- Anomalies remaining to be inspected with an ROV: 9
- Shipwrecks located: 161
- Modern/20th Century Shipwrecks: 124
- 19th Century Shipwrecks: 25
- 17th - 18th Century Shipwrecks: 12

Odyssey filed an Admiralty arrest in the U.S. District Court for the Middle District of Florida in September 2006. On October 30, 2006, the U.S. District Court granted the Company's Motion for Preliminary Injunction appointing Odyssey as the exclusive finder-in-possession of the shipwrecked vessel, and prohibiting any interference with Odyssey's intended excavation of the site, which is believed to be the remains of a 17th century merchant vessel located outside the territorial waters of any country. However, until further ROV inspections and a preliminary archaeological excavation are completed on the arrested shipwreck site, we are not prepared to confirm the identity or potential value of the shipwreck.

We intend to continue ROV inspections of the "Atlas" area beginning in the spring of 2007 when the weather window re-opens. For reasons of security and strategic confidentiality, we do not disclose the location of the "Atlas" project area.

HMS Sussex Project

The *Sussex* project is an expedition to locate and recover artifacts and cargo of a large colonial-period British warship, HMS *Sussex* , which was lost in a severe storm in 1694. Based on documentary research conducted by contract researchers and our in-house research team in libraries and historical archives in Great Britain, France and other countries, we believe that there is a high probability the ship was carrying a cargo of coins with a substantial numismatic value. Our analysis of the data was accumulated from a review of ship's logs, court martial records, state papers, treasury books and various other letters and reports. We conducted offshore search operations on this project in 1998, 1999, 2000 and 2001. Based on the results of these search operations, we believe there is a high probability we have located the remains of HMS *Sussex* .

On September 27, 2002, we entered into an agreement with the Government of the United Kingdom of Great Britain and Northern Ireland, which we refer to as Her Majesty's Government (HMG), which allows us to conduct an archaeologically sensitive exploration of the shipwreck believed to be HMS *Sussex* and to recover artifacts from the shipwreck site. The agreement provided for us to submit a Project Plan to HMG concerning the equipment, personnel and methodologies we intend to use in the exploration of the shipwreck, and the conservation and documentation of any artifacts and cargo that may be recovered. This Plan was submitted and was declared fit for purpose during 2004 with the exception of the staffing plan, which could not be completed until the actual start date was agreed upon and the availability of personnel could be determined. The staffing plan was approved during 2005 and we began exploration of the site during December 2005.

In late 2005 and early 2006, Odyssey completed to the satisfaction of the Government of the United Kingdom all work detailed in Phase 1A of the *Sussex* archaeological project plan. The Company has also completed a portion of Phase 1B. (A public version of the project plan is available for viewing at www.shipwreck.net/sussexpp.html .) The Company temporarily halted operations on the project at the request of the Spanish Ministry of Foreign Affairs while issues relative to the archaeological plan for excavation of the site, territorial and cultural resource management issues were negotiated.

In March 2006, Odyssey submitted an archaeological plan to the Spanish Ministry of Foreign Affairs which addressed questions raised by the Government of the Autonomous Region of Andalucia in reference to the ongoing HMS *Sussex* project. As part of this proposed plan, Odyssey agreed with the British Government to undertake additional survey operations in the area and to provide Spain with a detailed assessment of the region's underwater cultural heritage in deep water, as well as assistance in developing a plan for managing and protecting those resources.

In August 2006, additional clarifications and a response to additional questions were provided at a meeting in Seville arranged by the Spanish Ministry of Foreign Affairs with representatives of the Government of Andalucia through the offices of the Embassy of the United Kingdom. As a result of that meeting, the outstanding matters were narrowed to three issues relating to site mapping, positional information and formalization of the submission of the plan through the project archaeologists. Odyssey has been working closely with the offices of the Embassy of the United Kingdom and the United Kingdom's Ministry of Defence to address these final three Andalucian issues.

A diplomatic note has been issued by the Kingdom of Spain and acknowledged by the UK Government which sets forth the terms of the arrangement under which the UK Government, Odyssey, the Kingdom of Spain and the Junta of Andalucía intend to cooperate in the next phases of archaeological investigation of the site believed to be HMS *Sussex* . Pursuant to the diplomatic notes, Odyssey has consented to allow archaeologists designated by the Junta of Andalucía to join the expedition. In addition, regular reports will be furnished to the Junta detailing all activities that take place during the course of operations.

Throughout the duration of this complicated multi-national situation, the Spanish Ministry of Foreign Affairs, the United Kingdom Foreign and Commonwealth Office and Ministry of Defence, the United States Department of State and representatives of the Autonomous Region of Andalucia have all contributed resources and attention to solving the issues relating to the *Sussex* project. While it has taken longer to resolve these issues than anticipated, we believe that the results will translate to goodwill between all the parties and serve to provide a platform for future cooperation in underwater exploration and management of deep ocean cultural heritage.

We understand the geographic and political sensitivities surrounding this project and are willing to go to great efforts to show our willingness to work in a cooperative fashion with all governments involved.

As a Sovereign warship, the HMS *Sussex* remains the property of the Government of the United Kingdom which has not been contested by the Spanish government or other entities to our knowledge. As part of the partnering agreement signed between Odyssey and HMG in 2002, the following sharing arrangements have been agreed upon with respect to the aggregate amount of the appraised values and/or selling prices of the artifacts, net of agreed selling expenses:

Range	British Government	Odyssey
$0 - $45 million	20%	80%
$45 million to $500 million	50%	50%
Above $500 million	60%	40%

In addition to the percentages specified above, we will also pay the British Government 10% of any net income we derive from intellectual property rights associated with the project.

Also, we received the exclusive worldwide right to use the name "HMS *Sussex* " in connection with sales and marketing of merchandise (exclusive of artifacts) related to the shipwreck, and the British Government will receive 3 percent of the gross sales of such merchandise.

Our agreement with the British Government is for a period of 20 years, and can only be terminated if:

- the shipwreck is not HMS *Sussex* ;
- we are in serious breach of our obligations under our agreement with the British Government.

The shipwreck that we believe is the HMS *Sussex* is located in the search area for a project that we have previously referred to as our "Cambridge" project. We sold through private placements of Revenue Participation Certificates, or RPCs, the right to share in our future revenues derived from the Cambridge Project. As of April 30, 1999, when the offering was closed, we had sold $825,000 of the RPCs. As a group, the holders are entitled to 100 percent of the first $825,000 of gross revenue, 24.75 percent of gross revenue from $4 million to $35 million, and 12.375 percent of gross revenue above $35 million generated by the Cambridge project. Additionally, on May 26, 1998, we signed an agreement with a subcontractor that entitled it to receive 5 percent of the post-finance cost proceeds from any shipwrecks in a certain search area of the Mediterranean Sea. The shipwreck we believe is the HMS *Sussex* is located within the specified search area, and we will be responsible to share future revenues, if any, from this shipwreck with the subcontractor. The subcontractor's rights were foreclosed upon during 2002 and the purchaser was a limited liability company which was partially owned by two of our officers and directors. In order to remove any potential conflicts of interest, these two persons sold their interests in the limited liability company during 2005.

Sales and Marketing

The recovery of coins and artifacts from the SS *Republic* required us to create a marketing plan specifically to sell these coins and artifacts. Initially, silver coins were wholesaled to independent coin dealers who sold them through direct marketing and television outlets. During May 2004, we began to sell gold coins to the same independent dealers. These dealers provided an immediate outlet for our coins and enabled us to generate revenue during 2004. In December 2004, we opened a direct sales department to test distribution of our products through retail sales channels where gross margins would typically be higher.

During the ten months ended December 31, 2004, our primary customers for the sale of gold and silver coins were thirteen independent coin dealers. Of these customers, four were responsible for sales volumes constituting 64 percent of total sales. These four coin dealers were Spectrum Numismatic, Monaco Financial, Silver Towne LP, and Kevin Lipton Rare Coins. During the twelve months ended December 31, 2005, we continued to sell gold and silver coins to our independent coin dealers. However, the number of independent dealers dropped from thirteen in 2004 to six in 2005 of which two dealers represented 56 percent of total sales. These two dealers were Monaco Financial and Spectrum Numismatic. Our experience has shown that many of these independent dealers are primarily interested in the higher quality numismatic coin market. In 2006, we sold through three independent dealers of which two represented 65% of total sales. These two dealers were Asset Marketing Services (AMS) and Spectrum Numismatic. We currently have a contractual arrangement with AMS for the sale and distribution of our collectible silver coins and artifacts.

While we continue to sell numismatic coins to independent coin dealers, there has been a significant shift beginning in 2006 to our direct marketing sales efforts. Direct sales efforts (inbound and outbound call center and related infrastructure) were outsourced beginning in the second quarter 2006 to an experienced direct marketing partner. The majority of our coin sales in 2006 were silver coins sold through our direct marketing partner. We have been extremely pleased with the marketing programs and sales efforts of our direct marketing partner where our focus is selling our silver coin inventory directly to consumers at higher unit prices than we were receiving through our indirect wholesale channels. Another benefit of this outsourcing is a significant reduction of our overhead costs associated with our direct sales organization. We have begun to test a variety of advertising methods and mediums some of which are beginning to show great promise and a positive return on our investment. We intend to increase our investment in 2007 for advertising programs that are demonstrating positive sales results with coins as well as bottles and other artifacts.

We continue to develop additional indirect sales channels to supplement our coin dealer network for non-graded gold, shipwreck-effect silver coins, shipwreck artifacts, and other merchandise. While significant revenue has not yet been realized from these new indirect sales channels, we are building additional distribution channels for Odyssey shipwreck products.

The availability of raw materials is primarily dependent on the success of finding intrinsically valuable cargoes from shipwrecks (see Item 1A. Risk Factors). We recovered over 51,000 coins (approximately 4,000 $10 and $20 gold coins and 47,000 silver halves) and approximately 14,000 non-coin artifacts from the *SS Republic* . As of December 31, 2006, we have a remaining inventory of approximately 800 graded and un-graded gold coins and 36,000 silver coins.

Archaeology and Science

Many of the shipwrecks we intend to pursue may have important historical and cultural characteristics. Every such project undertaken will be subject to stringent archaeological standards, thus adding to the body of knowledge of the people, the history and culture of the vessel’s time. We believe adherence to these principles will increase the economic value of the artifacts and intellectual property rights of each project as well as enhance the level of cooperation we receive from governments, archaeological and other interests.

In addition, many deep-ocean recovery expeditions will lend themselves to interdisciplinary scientific studies including oceanography, marine biology, environmental research, bioengineering and other fields.

Legal and Political Issues

Odyssey works with a number of leading international maritime lawyers and policy experts to constantly monitor international legal initiatives that might affect our projects. As a matter of policy, we begin with the assumption that some entity, whether a government, private concern or insurance company, may have some rights to shipwrecks that are slated for search and recovery operations. Based on this assumption, a rigorous legal analysis is undertaken in order to ascertain which entities might be able to create roadblocks to a successful project. In some cases, such as that of HMS *Sussex* , it was determined that the most prudent mechanism for moving forward was to negotiate a contract with the owner of the vessel in order to manage litigation risk.

In other cases, such as the SS *Republic* project, we entered into an agreement whereby we purchased the insurance company’s interest in the shipwreck and cargo, opening the way for an immediate grant of title to Odyssey by the federal court that had jurisdiction.

To the extent that we engage in shipwreck search and recovery activities in the territorial, contiguous or exclusive economic zones of countries, Odyssey intends to comply with verifiable applicable regulations and treaties. Prior to beginning operations for any project, the legal and political aspects are carefully researched to ascertain what effect these issues may have on the potential success of the operation.

These factors are taken into account in determining whether to proceed with a project as planned. Other factors, such as the UNESCO Convention for the Protection of Underwater Cultural Heritage are also taken into consideration. New political initiatives such as this Convention could restrict access to historical shipwrecks throughout the world to the extent they might require compliance with cultural resource management guidelines and regulations. Some of these will require adherence to strict archaeological practices and we intend to follow reasonable guidelines in all projects to which they are applicable. Greg Stemm, Odyssey’s co-founder, was a member of the United States delegation that negotiated the UNESCO Convention, and as such provides us with a thorough understanding of the underlying principles and ramifications of the Convention, and advance notice of other cultural resource management issues that might affect our projects.

The UNESCO Convention is not expected to impact operations in international waters, and the United States, the United Kingdom and other major maritime governments have already stated explicitly that they do not intend to sign the Convention. Nevertheless, some countries in whose waters we may work may sign the Convention. While the UNESCO Convention states that

artifacts may not be sold, it also states that this prohibition may not prevent the provision of archaeological services, and we intend to provide such services in contracts with governments. We believe the primary value of the cargoes we seek are trade goods (such as coins, bullion and gems), which are not artifacts of historical, archaeological or cultural significance and as such should not be subject to the rule prohibiting sale.

We believe there will be increased interest in the protection of underwater cultural heritage throughout the oceans of the world. We are uniquely qualified to provide governments and international agencies with resources to help manage these resources while providing the public with educational, scientific, historical and entertainment initiatives that originate from our shipwreck exploration activities.

Competition

There are a number of companies who publicly identify themselves as engaged in aspects of the shipwreck business, but they do not compete directly with us as an established deep-ocean archeological shipwreck exploration company. These entities include, but are not limited to, Subsea Resources Ltd. (a UK Company), Sovereign Exploration Associates International Inc. and Admiralty Holding Company. It is possible that some currently unknown group may locate and recover a shipwreck on our project roster; however, due to the breadth of our historical and archival research, the already completed sonar and deep-water ROV inspection efforts, and the number of shipwreck projects in various stages of development, we do not believe that competition from one or more of these entities, known or unknown, would materially impact our operating plan or alter our current business strategy.

Cost of Environmental Compliance

With the exception of vessel operations and conservation activities, our general business operations do not expose us to environmental risks or hazards. We carry insurance that provides a layer of protection in the event of an environmental exposure resulting from the operation of our vessels. The cost of such coverage is minimal on an annual basis. We believe the risk associated with our conservation activities is minimal.

Executive Officers of the Registrant

John C. Morris (age 57) served as President and CEO from May 1994 until November 2005 when he resigned as President and CEO due to the effects of cancer treatment. He has served as Chairman of the Board of Directors since May 1994 and as Co-Chairman since February 24, 2006. Mr. Morris' medical condition improved and he returned to the CEO position on July 1, 2006.

Gregory P. Stemm (age 49) has served as Vice President, Research and Operations and as a member of the Board of Directors since May 1994. He has served as Co-Chairman since February 24, 2006.

George Becker Jr. (age 72) joined Odyssey as Chief Operating Officer during April 2002, and became Executive Vice President in June 2004. He also serves as President of Odyssey Marine Entertainment, Inc. a wholly owned subsidiary which was formed in February 2005.

Michael J. Holmes (age 57) joined Odyssey as Controller in March 2004, and became Chief Financial Officer in May 2004. Mr. Holmes had previously served in a variety of financial management positions with Anheuser-Busch Companies, Inc. to include Vice President Finance, Sea World Orlando (1998-2003).

David A. Morris (age 56) has served as Secretary and Treasurer since August 1997.

Davis D. Howe (age 48) joined Odyssey as Chief Operating Officer in July 2004. Mr. Howe had previously held senior management positions at several major public companies including Senior Vice President of Operations at Intermedia (2000-2001).

Jay A. Nudi (age 43) joined Odyssey as Controller in May 2005. Mr. Nudi has served as Principal Accounting Officer since January 2006. Prior to joining Odyssey, Mr. Nudi served as Controller for The Axis Group in Atlanta (2003-2004). Previously he served as a consultant to various companies on specific value added tasks (2001-2003).

Mark D. Gordon (age 46) joined Odyssey as Director of Business Development in June 2005. Mr. Gordon has served as Executive Vice President of Sales and Business Development since January 2007. Mr. Gordon is also responsible for the attraction segment which includes Odyssey Marine Entertainment, Inc. Prior to joining Odyssey, Mr. Gordon owned and managed four different start-up ventures (1987-2003).

Employees

As of December 31, 2006, we have 57 full-time employees, most working from our corporate offices in Tampa, Florida. Additionally, we contract crewmen who operate our two vessels and technicians who perform marine survey and recovery operations on our vessels. In addition, we hire subcontractors and consultants from time to time to perform specific services.

Internet Access

Odyssey's Forms 10-K, 10-Q, 8-K and all amendments to those reports are available without charge through Odyssey's web site on the Internet as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. They may be accessed as follows: *www.shipwreck.net* (SEC Filings Link).

ITEM 1A. RISK FACTORS

One should carefully consider the following factors, in addition to the other information in this Annual Report on Form 10-K, in evaluating our company and our business. Our business, operations and financial condition are subject to various risks. Some of these risks are described below, and should be carefully considered in evaluating Odyssey or any investment decision relating to our securities. This section does not describe all risks applicable to Odyssey, its industry or its business. It is intended only as a summary of the principal risks.

Our business involves a high degree of risk.

An investment in Odyssey is extremely speculative and of exceptionally high risk. Although we have access to a substantial amount of research and data which has been compiled regarding various projects, the quality and reliability of such research and data is uncertain. Even if we are able to plan and obtain permits for our various projects, there is a possibility that the shipwrecks may have already been salvaged or may not be found, or may not have had anything valuable on board at the time of the sinking. Even if objects of value are located and recovered, there is the possibility that the cost of recovery exceeds the value of the objects recovered or that others, including both private parties and governmental entities, will assert conflicting claims and challenge our rights to the recovered objects. Finally, even if we are successful in locating and retrieving objects from a shipwreck and establishing good title to them, there are no assurances as to the value that such objects will bring at their sale, as the market for such objects is uncertain.

The research and data we use may not be reliable.

The success of a shipwreck project is dependent to a substantial degree upon the research and data we have obtained. By its very nature, research and data regarding shipwrecks is imprecise, incomplete and unreliable. It is often composed of or affected by numerous assumptions, rumors, legends, historical and scientific inaccuracies and inaccurate interpretations which have become a part of such research and data over time.

Availability of raw materials may be limited.

The availability of inventory is primarily dependent on the success of finding raw materials in the form of intrinsically valuable cargoes from shipwrecks. If we are not successful in the exploration and recovery of shipwrecks, we would not have sufficient inventory to sell.

Operations may be affected by natural hazards.

Underwater recovery operations are inherently difficult and dangerous and may be delayed or suspended by weather, sea conditions or other natural hazards. Further, such operations may be undertaken more safely during certain months of the year than others. We cannot guarantee that we, or the entities we are affiliated with, will be able to conduct search and recovery operations only during favorable periods. In addition, even though sea conditions in a particular search location may be somewhat predictable, the possibility exists that unexpected conditions may occur and adversely affect our operations. It is also possible that natural hazards may prevent or significantly delay search and recovery operations or the ability to operate our themed attractions.

We may be unable to establish our rights to any objects we recover.

Persons and entities other than Odyssey and entities we are affiliated with (both private and governmental) may claim title to the shipwrecks. Even if we are successful in locating and recovering shipwrecks, we cannot assure we will be able to establish our right to property recovered against governmental entities, prior owners, or other attempted salvors claiming an interest therein. In such an event, we could spend a great deal of money and receive no revenue for our work.

The market for any objects we recover is uncertain.

Even if valuable items can be located and recovered in the future, it is difficult to predict the price that might be realized for such items. The value of recovered items will fluctuate with the precious metals market, which has been highly volatile in past years. In addition, the entrance on the market of a large supply of similar items from shipwrecks located and recovered by others could depress the market.

We could experience delays in the disposition or sale of recovered objects.

The methods and channels that may be used in the disposition or sale of recovered items are uncertain at present and may include several alternatives. Ready access to buyers for any artifacts or other valuable items recovered cannot be assured. Delays in the disposition of such items could adversely affect our cash flow.

Legal, political or civil issues could interfere with our recovery operations.

Legal, political or civil initiatives of countries and/or major maritime governments could restrict access to shipwrecks or interfere with our search and recovery operations.

Objects we recover could be stolen from us.

If we locate a shipwreck and assert a valid claim to items of value, there is a risk of theft of such items at sea, both before and after their recovery, by "pirates" or poachers and while in transit to a safe destination. Such thefts may not be adequately covered by insurance.

We face competition from others.

There are a number of competing entities engaged in various aspects of the shipwreck business, and in the future other competitors may emerge. One or more of these competing entities may locate and recover a shipwreck that we intend to locate and recover. In addition, these competing entities may be better capitalized and may have greater resources to devote to their pursuit of the shipwreck.

We may be unable to get permission to conduct salvage operations.

It is possible we will not be successful in obtaining title, or permission to excavate certain wrecks. In addition, permits that are sought for the projects may never be issued, and if issued, may not be legal or honored by the entities that issued them.

Profitability of our themed attractions segment may be adversely affected by a number of factors.

As we continue to develop and open themed attractions, there are several factors which could negatively affect our profitability including site selection, attendance projections, and economic activity. While we perform extensive market research on potential site locations, our attendance projections for those locations may not materialize in sufficient numbers to assure profitability. Also, a decline in national and/or regional economic conditions could reduce attendance and spending at our themed attractions. In addition, our themed attractions will compete against other forms of entertainment available in the area, and attendance may be subject to seasonal variations.

Changes in our business strategy or restructuring of our businesses may increase our costs or otherwise affect the profitability of our businesses.

As changes in our business environment occur we may need to adjust our business strategies to meet these changes or we may otherwise find it necessary to restructure our operations or particular businesses or assets. When these changes or events occur, we may incur costs to change our business strategy and may need to write down the value of assets. In any of these events, our costs may increase, and we may have significant charges associated with the write-down of assets.

We may be unsuccessful in raising the necessary capital to fund operations and capital expenditures.

Our ability to generate cash flow is dependent upon the success of our ability to recover and monetize high-value shipwrecks. However, we cannot guarantee that the sales of our products and other available cash sources will generate sufficient cash flow to meet our overall cash requirements. If cash flow is not sufficient to meet our business requirements, we will be required to raise additional capital through other financing activities. While we have been successful in raising the necessary funds in the past, there can be no assurance we can continue to do so.

Financial covenants in our existing notes payable and revolving credit facility may restrict our operating activities or harm our financial condition.

Our existing notes payable and revolving credit facility contains certain financial and operating covenants, including net worth requirements and other debt limitations, which may restrict our operating activities. Failure to comply with any of the loan covenants could result in a default. This could cause our lender to accelerate the timing of our payment obligations and could harm our business, operations, financial condition or liquidity.

We depend on key employees and face competition in hiring and retaining qualified employees.

Our employees are vital to our success, and our key management and other employees are difficult to replace. We currently do not have employment contracts with our key employees. Further, we do not maintain key person life insurance on any of our employees. We may not be able to retain highly qualified employees in the future which could adversely affect our business.

Our articles of incorporation authorize generic preferred stock.

Our articles of incorporation authorize the issuance of up to 10,000,000 shares of preferred stock. Our board of directors has the right to establish the terms, preference, rights and restrictions of the preferred stock. Such preferred stock could be issued with terms, rights, preferences and restrictions that could discourage other persons from attempting to acquire control and thereby insulate incumbent management. In certain circumstances, the existence of corporate devices that would inhibit or discourage takeover attempts could have a negative effect on the market value of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We maintain our offices at 5215 W. Laurel Street, Tampa, Florida 33607. We purchased the 23,500 square foot two story office building in 2004 for $3,058,770 to serve as our corporate and operations headquarters. We currently lease approximately 38 percent of the space to two tenants. In April 2005, we entered into a three-year lease for a one story 8,100 square foot commercial building in proximity to our corporate headquarters which is utilized by our conservation, research and archaeology departments.

In June 2005, we entered into a Lease Agreement with Jackson Brewery Millhouse, LLC, New Orleans, Louisiana, for the space where the Company opened its first interactive shipwreck and treasure attraction. The space is located in the Jax Brewery in the French Quarter of New Orleans. We exercised our right to terminate the lease after 18 months and subsequently entered into a month- to-month extension until we can relocate the attraction to another market.

ITEM 3. LEGAL PROCEEDINGS

On or about December 14, 2004 a complaint was filed against seven defendants including the Company in the Court of Common Pleas in the Ninth Judicial Circuit, County of Charleston, in the State of South Carolina. The complaint was filed by Republic & Eagle Associates, Inc. and Sea Miners, Inc. against John Morris, Greg Stemm, John Lawrence, John Balch, Daniel Bagley, Seahawk Deep Sea Technologies, Inc. (“Seahawk”) and the Company. The plaintiffs’ allegations include breach of fiduciary duty, civil conspiracy and breach of contract based primarily upon an alleged contract(s) between the plaintiffs and Seahawk dated May 16, 1995 dealing with the search for the SS *Republic* . The plaintiffs allege that their research which was provided to Seahawk led to the discovery of the SS *Republic* and they seek an unspecified amount of damages and public recognition of their contribution. On February 18, 2005, John Morris, Greg Stemm, Daniel Bagley, and the Company filed their Notice of Motion and Motion to Dismiss Defendants John Morris, Greg Stemm, Daniel Bagley and Odyssey Marine Exploration, Inc. (the “Motion”). In the Motion, the defendants allege that the complaint should be dismissed because, among other things, the South Carolina court does not have jurisdiction over them, the action was filed in an improper venue, plaintiffs lack the capacity to maintain the action, and the action should be barred based on the Doctrine of Forum Non Conveniens. The court granted the Motion and dismissed the case for lack of personal jurisdiction on June 9, 2006. The plaintiffs subsequently filed a Motion for Rehearing, and after further argument on the issues, the judge reversed his decision and entered an order denying the defendants’ motion to dismiss on February 27, 2007. The defendants filed a Motion to Re-consider the order granting the plaintiffs’ motion for reconsideration and denying defendants’ motion to dismiss on March 12, 2007. Management believes the lawsuit is without merit and intends to vigorously defend the action.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

None.

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PART II

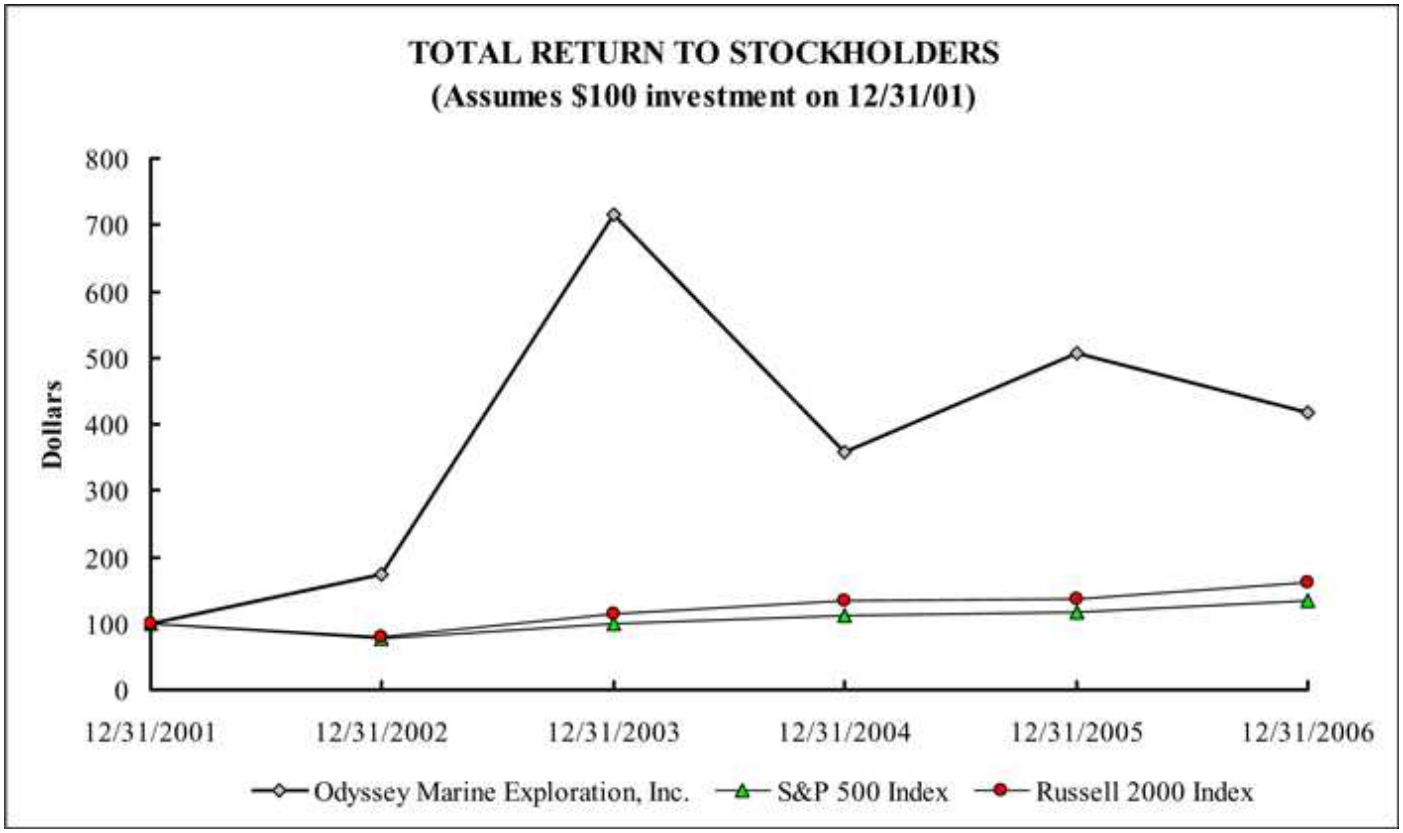
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Performance Graph

This performance graph shall not be deemed "filed" with the SEC or subject to Section 18 of the Exchange Act, nor shall it be deemed incorporated by reference in any of our filings under the Securities Act of 1933, as amended.

Assuming an investment of $100 on December 31, 2001, and reinvestment of all dividends, the graph below compares the cumulative total stockholder return on the Company's Common Stock for the last five fiscal years with the cumulative return of the of Standard & Poor's 500 Market Index and the Russell 2000 Market Index.

COMPARISON OF FIVE-YEAR TOTAL RETURN AMONG ODYSSEY, S&P 500 STOCK INDEX AND RUSSELL 2000 STOCK INDEX



Total Return Analysis	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006
Odyssey Marine Exploration, Inc.	$ 100.00	$ 174.29	$ 714.29	$ 357.14	$ 505.71	$ 417.14
S&P 500 Index	$ 100.00	$ 77.95	$ 100.27	$ 111.15	$ 116.60	$ 134.87
Russell 2000 Index	$ 100.00	$ 78.42	$ 114.00	$ 133.38	$ 137.81	$ 161.24

Price Range of Common Stock

On November 19, 2003, our stock was listed on the American Stock Exchange and is traded under the symbol "OMR." The following table sets forth the high and low sale prices for our securities during each quarter or interim reporting period for the periods set forth in the following schedule.

	Price	
	High	Low
Quarter Ended		
March 31, 2005	$3.96	$2.00
June 30, 2005	$5.38	$3.20
September 30, 2005	$5.64	$3.47
December 31, 2005	$4.32	$2.49
Quarter Ended		
March 31, 2006	$4.18	$3.06
June 30, 2006	$3.94	$1.52
September 30, 2006	$2.94	$1.97
December 31, 2006	$3.49	$2.44

Approximate Number of Holder of Common Stock

The number of record holders of our $.0001 par value Common Stock at February 28, 2007 was 333. This does not include shareholders that hold their stock in accounts in street name with broker/dealers.

Dividends

Holders of the Common Stock are entitled to receive such dividends as may be declared by our Board of Directors. No dividends have been declared with respect to our Common or Preferred Stock and none are anticipated in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data, which should be read in conjunction with the Company's financial statements and the related notes to those statements included in "Item 8. Financial Statements and Supplementary Data" and with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Form 10-K. The selected financial data has been derived from the Company's audited financial statements.

The following table includes fiscal years 2002 and 2003, which represent twelve-month periods ended February, 2003 and 2004, respectively. The fiscal year ended 2004 was a ten month transition period which ended December 31, 2004. 2005 and 2006 are fiscal years ending on December 31, 2005 and December 31, 2006, respectively.

$ in thousands except per share amounts	2006	2005	2004	2003	2002
Results of Operations					
Operating revenues	$ 5,064	$ 10,037	$17,622	$ 74	$ —
Net income (loss)	(19,088)	(14,920)	5,229	567	(2,593)
Earnings per share – basic	(0.41)	(0.35)	0.14	0.02	(0.09)
Earnings per share – diluted	(0.41)	(0.35)	0.13	0.02	(0.09)
Cash dividends per share	—	—	—	—	—
Financial Position					
Assets	$ 27,208	$ 30,190	$27,921	$17,894	$ 1,882
Long term obligations	3,053	1,758	1,858	—	—
Shareholder's equity	17,366	24,886	22,366	15,856	802

2003 net income includes $5,762,103 income tax benefit which resulted due to elimination of valuation allowance against the deferred tax asset
2005 net income includes $3,281,510 income tax expense which resulted due to recording a valuation allowance against the deferred tax asset. The effect of recording the valuation allowance increased the net loss by $7,791,859.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to provide an investor with a narrative of our financial results and an evaluation of our financial condition and results of operations. The discussion should be read in conjunction with our consolidated financial statements and notes thereto. A description of our business is discussed in Item 1 of this report which contains an overview of our business as well as the status of our ongoing project operations.

Results of Operations

The dollar values discussed in the following tables, except as otherwise indicated, are approximations to the nearest $100,000. For more detail refer to the Financial Statements and Supplemental Data in Item 8. The tables identify years 2006, 2005 and 2004. For 2006 and 2005, the fiscal year included a twelve month period which ended December 31st. Fiscal year 2004 included a ten month transition period which ended December 31, 2004.

2006 Compared to 2005

			2006 vs 2005	
(dollars in millions)	**2006**	**2005**	**$**	**%**
Revenue	$ 5.1	$10.0	$(4.9)	(50)%
Cost of sales	1.1	1.1	—	—
Operations & research	15.0	11.3	3.7	33
Marketing, general, & administrative	8.7	9.3	(.6)	(6)
Total cost and expenses	$24.8	$21.7	$ 3.1	14%

Revenue

Revenues are generated primarily through the sale of gold and silver coins, but also include other artifacts and merchandise. Revenues for 2006 and 2005 were $5.1 million and $10.0 million, respectively, representing sales volume of gold and silver coins of approximately 2,700 coins in 2006 and 2,500 coins in 2005. The volume mix of gold and silver coins in 2006 was approximately 17% and 83%, respectively, and in 2005 was 53% and 47%, respectively. While we continue to sell numismatic coins to independent coin dealers, there has been a significant shift beginning in the second quarter 2006 to our direct marketing sales efforts. In 2006, we sold through three independent dealers of which two represented 65% of total sales.

Direct sales efforts (inbound and outbound call center and related infrastructure) were outsourced beginning in the second quarter 2006 to an experienced direct marketing partner. The decrease of $4.9 million in 2006 is primarily due to a lower availability of high-value numismatic gold coins, sales to fewer independent coin dealers and a shift to a higher volume of lower priced silver coins. The majority of our coin sales in 2006 were silver coins sold through our direct marketing partner. We have been extremely pleased with the marketing programs and sales efforts of our direct marketing partner where our focus is selling our silver coin inventory directly to consumers at higher unit prices than we were receiving through our indirect wholesale channels. Another benefit of this outsourcing is a significant reduction of our overhead costs associated with our direct sales organization. We are testing a variety of advertising methods and media that are beginning to show great promise. We intend to increase our investment in the advertising programs that are demonstrating positive sales results.

In 2006, we sold a higher volume of total coins, but they represented a greater mix of lower unit price silver coins sold through our direct marketing partner. As of December 31, 2006, we have a remaining inventory of approximately 800 graded and un-graded gold coins and 36,000 silver coins. Of our remaining gold coin inventory, the majority of which are $10 Eagles which are not as much in demand by numismatic collectors as the higher-value numismatic $20 Double Eagles. We anticipate the $10 Eagle gold coin inventory to be sold over time to non-numismatic collectors through our direct marketing partner. Also included in our revenue for 2006 was $.2 million of admissions and merchandise sales from our themed attractions segment. All of our revenue for 2006 and 2005 is U.S. domestic-based.

Cost and Expenses

Cost of sales consists of shipwreck recovery costs, grading, conservation, packaging, and shipping costs associated with artifact, merchandise and book sales. Cost of sales as a percentage of revenue for 2006 and 2005 was 21 percent and 11 percent, respectively. The higher cost of sales percentage in 2006 is attributable to a higher sales mix of silver versus gold coins.

Operations and research expenses were $15.0 million in 2006, compared to $11.3 million in 2005. Of the $3.7 million increase in 2006, $2.8 million was due to our vessel operations primarily associated with the purchase of our search and inspection vessel in June 2006. The remaining $.9 million increase in expenses pertains to our themed attraction segment as the closing of our attraction in New Orleans in September 2006 and subsequent lease termination caused an acceleration of the estimated useful lives of certain assets and leasehold improvements.

Marketing, general and administrative expenses were $8.7 million in 2006 as compared to $9.3 million in 2005. Of the $.6 million decrease, $1.1 million related to reduced sales and marketing expenses primarily due to the closing of our direct sales company-operated call center in May 2006. These expenses were offset by increased share-based compensation costs associated with our annual incentive plan and adoption of FASB 123R in 2006.

Other Income or Expense

Other income and expense generally consists of interest income on investments offset by interest expense on our revolving credit facility and equipment loans. For 2006, $.9 million of other income was recorded due to business interruption insurance proceeds received for our themed attraction in New Orleans related to Hurricane Katrina.

Income Taxes

We did not record any provision (benefit) for income taxes in 2006 or 2005. Due to the uncertainty surrounding the realization of deferred tax assets resulting from operating loss carryforwards, we recorded a full valuation allowance of $14.9 million against the deferred tax assets as of December 31, 2006 compared to $7.8 million as of December 31, 2005. In accordance with SFAS No. 109, *"Accounting for Income Taxes,"* we have evaluated whether it is more likely than not that the deferred tax assets will be realized. Based on the available evidence, we have concluded that it is more likely than not that those assets would not be realizable without the recovery of high value shipwrecks (such as the HMS *Sussex*) and thus a valuation allowance has been recorded as of December 31, 2006. We anticipate that we will continue to incur net losses in 2007. Our ability to generate net income in future periods is dependent upon the success of our ability to recover and monetize high-value shipwrecks. We continue to be confident that we have several potential high-value shipwreck targets which could be recovered in 2007. Our current estimates do not include monetizing any assets for shipwrecks which may be recovered in 2007 or beyond. We will continue to reassess the need for a valuation allowance during each future reporting period.

Liquidity and Capital Resources

(dollars in thousands)	2006	2005
Summary of Cash Flows:		
Net cash provided (used) by operating activities	$(13,069)	$(10,977)
Net cash used by investing activities	(1,908)	(5,477)
Net cash provided by financing activities	14,110	16,687
Net increase (decrease) in cash and cash equivalents	$ (867)	$ 233
Beginning cash and cash equivalents	3,283	3,050
Ending cash and cash equivalents	$ 2,416	$ 3,283

Discussion of Cash Flows

Net cash used in operating activities in 2006 was $13.1 million. Cash used in operating activities for 2006 primarily reflected an operating loss of $19.1 million, offset by depreciation of $3.1 million, a decrease in inventory and accounts receivable of $2 million and share based compensation of $.9 million. Net cash used in operating activities in 2005 was $11.0 million. Cash used in operating activities for 2005 primarily reflected an operating loss of $14.9 million, offset by deferred income taxes of $2.8 million, depreciation of $1.5 million, an increase in inventory and deposits and a decrease in accounts receivable.

Cash flows used in investing activities were $1.9 million and $5.5 million for fiscal years 2006 and 2005, respectively. Cash used in investing for 2006 consisted of $2.7 million for the purchase of a search and inspection vessel and ROV system of which we financed $1.1 million, $.6 million for property and equipment offset by $.5 million net proceeds from the sale of our smallest ship, the RV *Odyssey* , and $.2 million for our themed attractions segment. Cash used in investing activities for 2005 primarily reflected $3.7 million for capital expenditures for our themed attractions segment including our New Orleans attraction, and $1.8 million used for the capital expenditures for property, equipment and improvements.

Cash flows provided by financing activities were $14.1 million and $16.7 million for fiscal years 2006 and 2005, respectively. In 2006, the cash provided by financing activities included $10.6 million net proceeds from the sale of common and preferred stock, $5.2 million proceeds from loans (revolving credit and equipment) offset by $1.7 million revolving credit loan and mortgage repayments. In 2005, the cash provided by financing activities included $16.8 million for the issuance of common stock which was primarily due to the exercise of outstanding warrants and common shares issued in our private placement, offset by $0.1 million mortgage repayment.

General Discussion

At December 31, 2006, we had cash and cash equivalents of $2.4 million, a decrease of $0.9 million from the December 31, 2005 balance of $3.3 million.

During March 2006, we received approximately $8.8 million from the sale of 2.5 million shares of non-voting Series D Convertible Preferred Stock, par value $0.0001 per share, at $3.50 per share to five funds managed by two institutional accredited investors pursuant to the terms of a purchase agreement. The Series D Preferred Stock is convertible into Common Stock at a ratio of one (1) share of Common Stock for every one (1) share of Series D Preferred Stock. The net proceeds from the preferred stock offering are being used for general corporate purposes and the purchase of marine property and equipment.

During March 2006, we entered into an Amended and Restated Revolving Credit Agreement with Mercantile Bank (the “Bank”). The Amended and Restated Credit Agreement replaces the Company’s prior agreement with the Bank. The Amended and Restated Agreement reduced the amount of the commitment from the Bank from a $6 million revolving credit facility to a $3 million credit facility. The $4 million of gold coins previously collateralized were removed from the amended agreement and silver coins collateralized and held by the custodian increased from 10,000 to 15,000 coins. The credit facility has a floating interest rate equal to the “LIBOR 30-Day Index Rate” plus two hundred sixty-five basis points (2.65%), requires monthly payments of interest only and is due in full on April 21, 2008. The Company will also be required to pay the Bank an unused line fee equal to 0.25% per annum of the unused portion of the credit line, payable quarterly. Additionally, the Company granted a first lien position on all corporate assets, including a provision not to pledge as collateral our Company-owned vessels. The Company is required to comply with a number of covenants as stated in the Amended and Restated Revolving Credit Agreement. As of December 31, 2006, we had an outstanding loan balance of $3.0 million on the credit facility. We are currently evaluating replacing or increasing this revolving credit facility to utilize all available coin inventory as collateral (approximately 37,000 coins).

During June 2006, we entered into a mortgage loan for $2.4 million with Carolina First Bank for the refinancing of our corporate office building. This mortgage replaced the original mortgage held by the Bank of Tampa which had an outstanding loan balance of $1.7 million. The mortgage loan is due on June 1, 2009 and monthly payments are based on a 20 year amortization schedule. Interest is at a fixed annual rate of 7.5%.

During June 2006, we entered into a loan agreement for $1.12 million with Mercantile Bank for the purchase of a remotely operated vehicle (ROV) of which the purchase price was $1.4 million. This loan has a maturity date of September 1, 2009 and bears a variable LIBOR interest rate that is adjusted monthly. The variable rate is calculated by dividing LIBOR by an amount equal to 1.00 minus the Libor Reserve Percentage, plus 3.0%. The interest rate in effect as of December 31, 2006 was 7.98%. The first three months of the agreement required interest only payments followed by principle payments of $32,000 plus interest over the remaining life of the loan.

During July 2006, we received net proceeds of $.5 million from the sale of our smaller search and inspection vessel, the RV *Odyssey* . These proceeds were used to partially offset the June 2006 purchase of an additional ship similar in size to the *Odyssey Explorer* . In October 2006 we received a partial settlement from the insurance company of $.4 million in regards to our outstanding Hurricane Katrina claim for our New Orleans attraction. The remaining insurance settlement of $.8 million was received in November 2006 for a final settlement of $1.2 million.

In November 2006, we completed a private placement of 500,000 shares of common stock and warrants to purchase 100,000 shares of common stock to three accredited investors for an aggregate purchase price of $1.5 million. The warrants are exercisable at $4.00 per share through November 22, 2008.

During January 2007, we received approximately $6.6 million from the sale of 2.2 million shares of Series D Convertible Preferred Stock, par value $0.0001 per share, at a price of $3.00 per share to eight funds managed by two institutional accredited investors pursuant to the terms of a purchase agreement. In connection with the transaction, we also issued the investors warrants to

purchase an aggregate of 440,000 additional shares of Series D Preferred Stock with an exercise price of $4.00 per share and an expiration date of January 24, 2009, and issued to certain of the investors warrants to purchase an aggregate of 2,200,000 shares of Series D Preferred Stock with an exercise price of $3.50 per share and an expiration date of May 15, 2007, in exchange for the cancellation and surrender of 2.2 million warrants to purchase Common Stock held by such investors with an exercise price of $3.50 per share of Common Stock and an expiration date of March 9, 2007. The net proceeds from the preferred stock offering are being used for general corporate purposes and the purchase of marine property and equipment. Potential proceeds from the exercise of the March and May 2007 $3.50 warrants would be $3.4 million and $7.7 million, respectively.

Material Trends and Uncertainties

The results of operations for the immediate two preceding fiscal years produced net operating losses. We anticipate we will continue to incur net losses in 2007. Our ability to generate net income in future periods is dependent upon the success of our ability to recover and monetize high-value shipwrecks. We believe we have several potential high-value shipwreck targets which could be recovered in 2007. Our current 2007 business plan estimates our cash requirements for operations and capital expenditures will range from $18 million to $22 million. Based upon our $2.4 million 2006 year end cash position, recent equity offering and projected 2007 revenues, we estimate an additional cash requirement of $5 million to $7 million to meet our projected business plan requirements. In May 2007, we have a potential exercise of $3.50 warrants for $7.7 million. However, if the warrants expire, we will be required to raise additional financing to fund our projected business plan. While we have been successful in raising the necessary funds in the past, there can be no assurance we can continue to do so. We also cannot guarantee that the sales of our products and other available cash sources will generate sufficient cash flow to meet our projected cash requirements in 2007. If cash flow is not sufficient to meet our projected business plan requirements, we will be required to reduce our exploration and development efforts and overhead to a level for which funding can be secured.

2005 Compared to 2004

(dollars in millions)	2005	2004	2005 vs 2004 $	2005 vs 2004 %
Revenue	$10.0	$17.6	$ (7.6)	(43)%
Cost of sales	1.1	1.9	(0.8)	(42)%
Operations & research	11.3	2.0	9.3	473%
Marketing, general, & administrative	9.3	5.0	4.2	84%
Total cost and expenses	$21.7	$ 8.9	$12.8	143%

Revenue

Revenues are generated primarily through the sale of gold and silver coins, but also include other artifacts and merchandise. Revenues for fiscal years 2005 and 2004 were $10.0 million and $17.6 million, respectively, representing sales volume of approximately 2,500 gold and silver coins in 2005 and approximately 9,000 gold and silver coins in 2004. In 2005 sales were made through independent coin dealers at wholesale prices as well as through our direct retail sales telemarketing area. In 2004, sales were made only through independent coin dealers. Revenues were significantly lower in 2005 versus 2004 due to a number of factors.

We continued to sell numismatic coins to independent coin dealers. During the latter half of 2005, we experienced a decrease in numismatic gold coin revenue, relative to 2004, due to a lower availability of our highest value gold coins, a desire to maximize total revenue from coin inventory, and sales to fewer independent coin dealers. The number of independent dealers dropped from thirteen in 2004 to six in 2005 of which two dealers represented 57 percent of our total sales. Our experience has shown that many of these independent dealers are primarily interested in the higher quality numismatic coin market. As our availability of these higher quality coins diminishes, we expected the number of independent dealers interested in our coins to be reduced. In addition, the sale of silver half dollars to our independent coin dealer wholesale channel was significantly reduced from 2004 levels, as their main interest has been in the numismatic gold coins. We continue to develop additional indirect sales channels to supplement our coin dealer network for our non-graded gold, shipwreck effect silver coins and for other merchandise.

We continued to develop and plan to increase retail distribution of coins and other merchandise through direct sales channels. However, during our first year of direct sales in 2005, sales volumes were lower than originally expected. While we have been developing a strong client base with a promising percentage of repeat sales, it has taken longer than expected to generate the numbers of leads and customers necessary to reach our goals.

Cost and Expenses

Cost of sales consists of shipwreck recovery costs, grading, conservation, packaging, and shipping costs associated with artifact, merchandise and book sales. Cost of sales as a percentage of revenue for 2005 and 2004 was 11 percent and 11 percent, respectively. The major factors that contribute to cost of sales as a percentage of revenue include capitalized ship recovery costs, number of artifacts recovered, revenue per artifact sold and the cost of merchandise and books. Cost of sales as a percentage of revenue will change depending on the sales mix because of the significantly higher unit sales prices for gold than silver coins and other merchandise.

Operations and research expenses were $11.3 million in 2005, compared to $2.0 million in 2004. Of the $9.3 million increase in 2005, $4.2 million was because vessel recovery costs were not capitalized since February 2005 when our recovery vessel left the SS *Republic* site. Vessel recovery costs of $4.8 million were capitalized in 2004 versus $0.6 million in 2005. Additionally, $3.3 million was attributable to vessel operations which included $1.8 million for chartering a vessel to conduct search operations for the Atlas project; $.5 million related to our research and conservation efforts; and $1.0 million was attributable to start up operations of our themed attractions segment, primarily due to the opening of our Odyssey Shipwreck & Treasure Adventure in New Orleans; and $0.3 million related to write-off of our investment in developing a second themed attraction location.

Marketing, general and administrative expenses were $9.3 million in 2005 as compared to $5.1 million in 2004. We continued expansion of our corporate support functions due to execution of our business plan primarily associated with continued development of our search and recovery projects, expansion of our marketing and sales function, and expansion of our corporate support functions. Of the $4.2 million increase, $2.3 million resulted from expansion of our marketing and sales function primarily associated with development of a direct sales effort, $0.6 million related to general and administrative expenses associated with start up of our themed attractions segment, and $1.3 million was attributable to other general and administration expenses, corporate communication, information technology, professional and audit services primarily related to the implementation of Sarbanes-Oxley.

Income Taxes

For fiscal year 2005, we recorded a provision for income taxes of $3.3 million compared to a provision for income taxes of $3.5 million for fiscal year 2004. Net operating loss carryforwards resulted in a $2.8 million net deferred tax asset as of December 31, 2004. Due to the uncertainty surrounding the realization of deferred tax assets resulting from operating loss carryforwards, we recorded a full valuation allowance of $7.8 million against the deferred tax assets as of December 31, 2005. The effect of this non-cash adjustment was to reduce the net deferred tax asset to $0 which resulted in a reduction of net income by $7.8 million.

Liquidity and Capital Resources

(dollars in thousands)	2005	2004
Summary of Cash Flows:		
Net cash provided (used) by operating activities	$(10,977)	$ 2,761
Net cash used by investing activities	(5,477)	(4,121)
Net cash provided by financing activities	16,687	3,059
Net increase in cash and cash equivalents	$ 233	$ 1,699
Beginning cash and cash equivalents	3,050	1,351
Ending cash and cash equivalents	$ 3,283	$ 3,050

Discussion of Cash Flows

At December 31, 2005, we had cash and cash equivalents of $3.3 million, an increase of $0.2 million from the December 31, 2004 balance of $3.1 million.

Net cash used in operating activities in 2005 was $11.0 million. Cash used in operating activities for 2005 primarily reflected an operating loss of $14.9 million, offset by deferred income taxes of $2.8 million, depreciation of $1.5 million, an increase in inventory and deposits and a decrease in accounts receivable. The net cash provided in operating activities for fiscal year 2004 primarily reflected positive operating results and deferred income taxes offset by an increase in inventory and accounts receivable.

Cash flows used in investing activities were $5.5 million and $4.1 million for fiscal years 2005 and 2004, respectively. Cash used in investing activities for 2005 primarily reflected $3.7 million for capital expenditures for our themed attractions segment

including our New Orleans attraction, and $1.8 million used for the capital expenditures for property, equipment and improvements. Cash used in investing activities for fiscal year 2004 primarily reflected the cash purchase of our office building and improvements, property and equipment and capital expenditures related to attraction development.

Cash flows provided by financing activities were $16.7 million and $3.1 million for fiscal years 2005 and 2004, respectively. In 2005, the cash provided by financing activities included $16.8 million for the issuance of common stock which was primarily due to the exercise of outstanding warrants and common shares issued in our private placement, offset by $0.1 million mortgage repayment. Cash provided by financing activities of $3.1 million in fiscal year 2004 included the net proceeds from the sale of marketable securities of $2.0 million and $1.0 million from the proceeds of sale of common stock.

Off Balance Sheet Arrangements

We do not engage in off-balance sheet financing arrangements. In particular, we do not have any interest in so-called limited purpose entities, which include special purpose entities (SPEs) and structured finance entities.

Indemnification Provisions

Under our bylaws and certain consulting and employment agreements, we have agreed to indemnify our officers and directors for certain events arising as a result of the officer's or director's serving in such capacity. The term of the indemnification agreement is as long as the officer or director remains in the employment of the company. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited. However, our director and officer liability insurance policy limits its exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal and no liabilities are recorded for these agreements as of December 31, 2006.

Critical Accounting Estimates

The discussion and analysis of our financial position and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect our financial position and results of operations. See Note A to the Financial Statements for a description of our significant accounting policies. Critical accounting estimates are defined as those that are reflective of significant judgment and uncertainties, and potentially result in materially different results under different assumptions and conditions. We have identified the following critical accounting estimates. We have discussed the development, selection and disclosure of these policies with our audit committee.

Long-lived Assets

As of December 31, 2006, we had approximately $11.9 million of property and equipment and related assets. In accounting for these long-lived assets, we make estimates about the expected useful lives of the assets, the expected residual values of the assets, and the potential for impairment based on the fair value of the assets and the cash flows they generate. Our policy is to recognize impairment losses relating to long-lived assets in accordance with Financial Accounting Standards Board No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" based on several factors, including, but not limited to, management's plans for future operations, recent operating results and projected cash flows. To date no such impairment has been indicated.

Realizability of Deferred Tax Assets

In accordance with SFAS No. 109, *"Accounting for Income Taxes,"* we have evaluated whether it is more likely than not that the deferred tax assets will be realized. Based on the available evidence, we have concluded that it is more likely than not that those assets would not be realizable and thus a valuation allowance of $14.9 million has been recorded as of December 31, 2006. We will continue to reassess the need for a valuation allowance during each future reporting period.

Contractual Obligations

At December 31, 2006, the Company's contractual obligations including estimated payments due by period, are as follows:

(dollars in thousands)	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term debt	$6,497	$ 3,444	$ 3,053	$ —	$ —
Interest on debt	811	498	313	—	—
Operating leases	125	88	37	—	—
Purchase obligations	—	—			
Total contractual obligations	$7,433	$ 4,030	$ 3,403	$ —	$ —

Long term debt represents the amount due on our existing mortgage for our office building, note payable and revolving credit facility. Operating leases consist primarily of our conservation lab in Tampa.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. We do not believe we have material market risk exposure and have not entered into any market risk sensitive instruments to mitigate these risks or for trading or speculative purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item appears beginning on page 25.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC. An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within required time periods.

Internal Controls over Financial Reporting

Management's report on our internal controls over financial reporting can be found in the financial statement section of this report. The Independent Registered Public Accounting Firm's attestation report on management's assessment of the effectiveness of our internal control over financial reporting can also be found in the financial statement section of this report.

There have been no significant changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is hereby incorporated by reference under the headings “Election of Directors” and “Executive Officers and Directors of the Company” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is hereby incorporated by reference under the heading “Executive Compensation” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

A portion of the information required by this Item pursuant to Item 403 of Regulation S-K is hereby incorporated by reference under the heading “ Security Ownership of Certain Beneficial Owners and Management” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

The information required pursuant to Item 201(d) of Regulation S-K is hereby incorporated by reference under the heading “Equity Compensation Plan Information” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is hereby incorporated by reference under the heading “Certain Relationships and Related Transactions” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is hereby incorporated by reference under the heading “Independent Auditor Fees” of the Company’s Proxy Statement for the Annual Meeting of Stockholders to be held on May 18, 2007.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report on Form 10-K:

1. (a) Consolidated Financial Statements
   See “Index to Consolidated Financial Statements” on page 22.

   (b) Consolidated Financial Statement Schedules
   See “Index to Consolidated Financial Statements” on page 22.

   All other schedules have been omitted because the required information is not significant or is included in the financial statements or notes thereto, or is not applicable.

2. Exhibits

   The Exhibits listed in the Exhibit Index, which appears immediately following the signature page and is incorporated herein by reference, are filed as part of this Annual Report on Form 10-K.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
ODYSSEY MARINE EXPLORATION, INC.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of December 31, 2006.

The Company's independent auditor, Ferlita, Walsh & Gonzalez, P.A., a registered public accounting firm, has issued an attestation report on management's assessment of internal control over financial reporting, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Odyssey Marine Exploration, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Odyssey Marine Exploration, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income and cash flows for the fiscal years ended December 31, 2006 and 2005, and the ten month transition period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Odyssey Marine Exploration, Inc. and Subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the fiscal years ended December 31, 2006 and 2005, and the ten month transition period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As described in Note A to the consolidated financial statements, the Company adopted, prospectively, the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" effective January 1, 2006 and changed its method of accounting for stock-based compensation.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and in our report dated February 2, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of the internal control over financial reporting.

/s/ Ferlita, Walsh & Gonzalez, P.A.
FERLITA, WALSH & GONZALEZ, P.A.
Certified Public Accountants
Tampa, Florida

February 2, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Odyssey Marine Exploration, Inc. and Subsidiaries

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that Odyssey Marine Exploration, Inc. and Subsidiaries maintained effective internal control over financial reporting of December 31, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Odyssey Marine Exploration, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of Odyssey Marine Exploration, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Odyssey Marine Exploration, Inc and Subsidiaries maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in *Internal Control-Integrated Framework* issued by COSO. Also, in our opinion, Odyssey Marine Exploration and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Odyssey Marine Exploration and Subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for the fiscal years ended December 31, 2006 and 2005, and the ten month transition period ended December 31, 2004 and our report dated February 2, 2007 expressed an unqualified opinion on those consolidated financial statements.

/s/ Ferlita, Walsh & Gonzalez, P.A.
Ferlita, Walsh & Gonzalez, P.A.
Certified Public Accountants
Tampa, Florida

February 2, 2007

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 31, 2005
ASSETS		
CURRENT ASSETS		
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
Total current assets	5,482,108	10,269,316
PROPERTY AND EQUIPMENT		
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)
Total property and equipment	11,934,407	11,981,154
OTHER ASSETS		
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
Total other assets	9,791,338	7,939,988
Total assets	$ 27,207,853	$ 30,190,458
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
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
Total current liabilities	5,901,148	2,658,892
LONG TERM LIABILITIES		
Mortgage and loans payable	3,053,485	1,758,333
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	3,940,985	2,645,833
Total liabilities	9,842,133	5,304,725
STOCKHOLDERS' EQUITY		
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)
Total stockholders' equity	17,365,720	24,885,733
Total liabilities and stockholders' equity	$ 27,207,853	$ 30,190,458

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

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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
OPERATING EXPENSES			
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	24,808,664	21,686,085	8,918,779
INCOME (LOSS) FROM OPERATIONS	(19,744,744)	(11,649,510)	8,703,313
OTHER INCOME OR (EXPENSE)			
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)	656,659	11,135	(11,164)
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)	$(19,088,085)	$(14,919,885)	$ 5,229,238
EARNINGS (LOSS) PER SHARE			
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

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

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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
Preferred Stock, Series D - Shares			
At beginning of year	—	—	—
Preferred stock issued for cash	2,500,000	—	—
At end of year	2,500,000	—	—
Common Stock - Shares			
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	46,785,254	45,823,224	38,530,599
Preferred Stock , Series D			
At beginning of year	$ —	$ —	$ —
Preferred stock issued for cash	250	—	—
At end of year	$ 250	$ —	$ —
Common Stock			
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	$ 4,678	$ 4,582	$ 3,853
Paid-in Capital			
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	$ 55,437,954	$ 43,870,228	$26,430,934
Accumulated Unrealized Loss in Investment			
At beginning of year	$ —	$ 554	$ 2,988
Net change in unrealized gain on investments, net of tax	—	(554)	(2,434)
At end of year	$ —	$ —	$ 554
Accumulated Deficit			
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	(38,077,162)	(18,989,077)	(4,069,192)
Total shareholders' equity	$ 17,365,720	$ 24,885,733	$22,366,149
Comprehensive Income (Loss)			
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	$(19,088,085)	$(14,920,439)	$ 5,226,804

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

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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
CASH FLOWS FROM OPERATING ACTIVITIES:			
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
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(13,105,655)	(10,977,069)	2,761,148
CASH FLOWS FROM INVESTING ACTIVITIES:			
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)
NET CASH USED IN INVESTING ACTIVITIES	(1,908,381)	(5,476,867)	(4,120,533)
CASH FLOWS FROM FINANCING ACTIVITIES:			
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)
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,146,517	16,686,546	3,058,766
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(867,489)	232,610	1,699,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,283,331	3,050,721	1,351,340
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,415,842	$ 3,283,331	$ 3,050,721
SUPPLEMENTARY INFORMATION:			
Interest paid	$ 303,388	$ 119,174	$ 53,051
Income taxes paid	$ —	$ —	$ —
NON CASH TRANSACTIONS:			
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

Summary of Significant Non-Cash Transactions

During the quarter ended March 31, 2005, warrants to purchase a total of 470,000 shares were issued to two persons associated with the placement agent as part of the commission paid in connection with a private placement of securities during the period. These warrants are exercisable at a price of $3.50 per share for a period of two years. The fair value of these warrants as computed by the Black-Scholes option pricing model was $.72 per warrant, or $336,504. Due to the high volatility of our stock, we do not believe that the Black-Scholes model provides a realistic fair value for the warrants. These warrants do not have the characteristics of traded warrants, therefore, the warrant valuation models do not necessarily provide a reliable measure of the fair value. By agreement between the parties at the time of the offering, the Company used a fair value of $.50 per warrant, or $235,000.

The ending balance in Attraction development on December 31, 2004 for our New Orleans Attraction development in the amount of $196,054 was transferred to Property and equipment for the period ended December 31, 2005.

We previously reported $1,888,742 in Attraction development purchases for the six month period ended June 30, 2005. This amount was moved to Purchase of property and equipment for the fiscal year ended December 31, 2005.

During June 2006, we entered into a mortgage loan for $2.5 million with Carolina First Bank for the refinancing of our corporate office building. At the closing of this loan, the outstanding amount of approximately $1.8 million due on the original mortgage with Bank of Tampa was paid in full.

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Odyssey Marine Exploration, Inc., is engaged in the archaeologically sensitive exploration and recovery of deep-water shipwrecks throughout the world and the operation of interactive attractions and exhibits which will entertain and educate multi-generational audiences, and present our unique shipwreck stories and artifacts. The corporate headquarters are located in Tampa, Florida.

Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding our financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity and have prepared them in accordance with our customary accounting practices.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Odyssey Marine, Inc., Odyssey Marine Services, Inc., OVH, Inc., Odyssey Retriever, Inc. and Odyssey Marine Entertainment, Inc. All significant inter-company transactions and balances have been eliminated.

Shipwreck Heritage Press, LLC was created during 2005 to publish and distribute print media. The entity does not have activity and has not been capitalized, and therefore, it is not consolidated.

Reclassifications

Certain operating expense amounts for the fiscal year December 31, 2004 have been reclassified to conform to the presentation of the December 31, 2005 and 2006 amounts. The reclassifications have no effect on net income for the ten month fiscal year ended December 31, 2004.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the fiscal years 2006, 2005, and 2004 was $881,000, $996,000, and $45,000, respectively.

Revenue Recognition and Accounts Receivable

Revenue from sales is recognized at the point of sale when legal title transfers. Legal title transfers when product is shipped or is available for shipment to customers. Bad debts are recorded as identified and no allowance for bad debts has been recorded. A return allowance is established for merchandise sales which have a right of return. Accounts receivable is stated net of any recorded allowance for returns.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in banks. We also consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, prepaid expense, investments, accounts payable, accrued expense, loan payable and mortgage payable approximate fair value. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that we could realize in a current market exchange.

Inventory

Our inventory consists of artifacts recovered from the SS *Republic* shipwreck, related packaging material for the artifacts, and merchandise.

The SS *Republic* shipwreck artifacts are recorded in inventory at the costs of recovery and conservation. The recovery costs also include the fee paid to an insurer to relinquish the insurers claim to the artifacts recovered and the shipwreck. We started capitalizing costs in November 2003 after establishing the artifacts being recovered had a net realizable value exceeding the costs being capitalized. We continued to capitalize the recovery costs until the shipwreck site was completely excavated. The capitalized costs include direct costs of recovery such as vessel and related equipment operations and maintenance, crew and technical labor, fuel, provisions and supplies, port fees and depreciation. Conservation costs include fees paid to conservators for cleaning and preparing the artifacts for sale. We continually monitor the recorded aggregate costs of the artifacts in inventory to ensure these costs do not exceed the net realizable value. We use historical sales, publications or available public market data to assess market value.

The packaging materials and merchandise are recorded at average cost. We record our inventory at the lower of cost or market.

Long-Lived Assets

Our policy is to recognize impairment losses relating to long-lived assets in accordance with Financial Accounting Standards Board No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” based on several factors, including, but not limited to, management’s plans for future operations, recent operating results and projected cash flows. Due to the closing of the themed attraction in the New Orleans market during 2006, we accelerated the estimated useful lives of certain fixed assets and leasehold improvements to a life ending on or before December 31, 2006. This resulted in additional depreciation and amortization of $874,434 for the year ended December 31, 2006.

Comprehensive Income

United States Treasury bills with a maturity greater than three months from purchase date are deemed available-for-sale and carried at fair value. Unrealized gains and losses on these securities are excluded from earnings and reported as a separate component of stockholders’ equity. At December 31, 2006, we did not own United States Treasury Bills with a maturity greater than three months.

Property and Equipment and Depreciation

Property and equipment is stated at historical cost. Depreciation is provided using the straight-line method at rates based on the assets’ estimated useful lives which are normally between five and ten years. Leasehold improvements are amortized over their estimated useful lives or lease term, if shorter. Depreciation expense capitalized was directly related to our vessel *Odyssey Explorer* and supporting equipment during the SS *Republic* excavation.

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
Depreciation and amortization	$3,139,589	$1,518,463	$ 736,237
Less depreciation capitalized to inventory	—	72,912	374,123
Net depreciation expense	$3,139,589	$1,445,551	$ 362,114

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if dilutive securities and other contracts to issue Common Stock were exercised or converted into Common Stock or resulted in the issuance of Common Stock that then shared in our earnings. We use the treasury stock method to compute potential common shares from stock options and warrants and the as-if-converted method to compute potential common shares from Preferred Stock or other convertible securities.

When a net loss occurs, potential common shares have an anti-dilutive effect on earnings per share and such shares are excluded from the Diluted EPS calculation.

At December 31, 2006 and 2005 weighted average common shares outstanding were 46,150,593 and 42,373,217 respectively. For the periods ending December 31, 2006 and 2005 in which net losses occurred, all potential common shares were excluded from Diluted EPS because the effect of including such shares would be anti-dilutive.

The potential common shares, in the table following, represent potential common shares calculated using the treasury stock method from outstanding options and warrants that were excluded from the calculation of Diluted EPS:

	2006	2005
Average market price during the period	$ 2.99	$ 3.73
In the money potential common shares excluded	343,503	884,478

Potential common shares from out of the money options and warrants were also excluded from the computation of diluted earnings per share because calculation of the associated potential common shares has an anti-dilutive effect. The following table lists options and warrants that were excluded from diluted EPS.

	2006	2005
Out of the money options and warrants excluded:		
Stock Options with an exercise price of $3.50 per share	729,166	—
Stock Options with an exercise price of $4.00 per share	361,000	60,500
Stock Options with an exercise price of $5.00 per share	495,000	595,000
Warrants with an exercise price of $3.50 per share	3,170,000	—
Warrants with an exercise price of $4.00 per share	100,000	—
Warrants with an exercise price of $5.25 per share	100,000	100,000
Total anti dilutive warrants and options excluded from EPS	4,955,166	755,500

Weighted average potential common shares from outstanding Series D Convertible Preferred Stock calculated on as as-if converted basis having an anti-dilutive effect on diluted earnings per share were excluded from potential common shares as follows:

	2006	2005
Weighted average potential common shares from Series D Preferred Stock excluded from computation of diluted earnings per share	2,000,000	—

The following is a reconciliation of the numerators and denominators used in computing basic and diluted net income per share:

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
Numerator, basic and diluted net income	$(19,088,085)	$(14,919,885)	$ 5,229,238
Denominator:			
Shares used in computation – basic:			
Weighted average common shares outstanding	46,150,593	42,373,217	38,400,329
Shares used in computing basic net income per share	46,150,593	42,373,217	38,400,329
Shares used in computation – diluted:			
Weighted average common shares outstanding	46,150,593	42,373,217	38,400,329
Dilutive effect of options and warrants outstanding	—	—	1,853,720
Shares used in computing diluted net income per share	46,150,593	42,373,217	40,254,049
Net income per share – basic	$ (0.41)	$ (0.35)	$ 0.14
Net income per share – diluted	$ (0.41)	$ (0.35)	$ 0.13

Stock-Based Compensation

On January 1, 2006, we adopted Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (FAS 123(R)), that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise’s equity instruments or that may be settled by the issuance of such equity instruments. The statement eliminates the ability to account for share-based compensation transactions, as we formerly did, using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, “Accounting for Stock Issued to Employees,” and generally requires that such transactions be accounted for using a fair-value-based method and recognized as expenses in our consolidated statement of operations.

We adopted FAS 123(R) using the modified prospective method which requires the application of the accounting standard as of January 1, 2006. Our consolidated financial statements for periods beginning on or after January 1, 2006 reflect the impact of adopting FAS 123(R). In accordance with the modified prospective method, the consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of FAS 123(R).

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest. Share-based compensation expense recognized in the consolidated statement of operations during the period ended December 31, 2006 include compensation expense for the share-based compensation awards granted prior to December 31, 2005, based on the grant date fair value estimated in accordance with FAS 123(R). As share-based compensation expense recognized in the statement of operations is based on awards ultimately expected to vest, it will be reduced for estimated forfeitures. FAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

As a result of adopting FAS 123(R), $537,592 of share-based compensation was charged against income for the period ended December 31, 2006. For the periods ended December 31, 2005 and 2004, the following table illustrates the effect on net income and earnings per share had we applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, “Accounting for Share-Based Compensation,” to share-based employee compensation.

	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
Net income(loss):		
As reported	$(14,919,885)	$5,229,238
Pro forma adjustment for compensation, net of tax	(1,312,896)	(703,952)
Pro forma	$ (16,232,781)	$4,525,286
Basic income(loss) per share:		
As reported	$ (0.35)	$ 0.14
Pro forma	$ (0.38)	$ 0.12
Diluted income(loss) per share:		
As reported	$ (0.35)	$ 0.13
Pro forma	$ (0.38)	$ 0.11

The weighted average estimated fair value of stock options granted during the fiscal years ended December 31, 2006 and 2005 and the ten month transition period ended December 31, 2004 were $1.49, $2.10 and $3.78, respectively. These amounts were determined using the Black-Scholes option-pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, the expected dividend payments, and the risk-free interest rate over the life of the option. The assumptions used in the Black-Scholes model were as follows for stock options granted in the years ended December 31, 2006 and 2005 and the ten month period ended December 31, 2004:

	2006	2005	2004
Risk-free interest rate	4.8-5.1%	4.3%	3.6%
Expected volatility of common stock	60.4 -62.6%	62.4%	469%
Dividend Yield	0%	0%	0%
Expected life of options	4-5 years	5 years	5 years

The Black-Scholes option valuation model was developed for estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because option valuation models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. Our options do not have the characteristics of traded options, therefore, the option valuation models do not necessarily provide a reliable measure of the fair value of our options.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized. (See NOTE Q)

NOTE B - CONCENTRATION OF CREDIT RISK

We maintain our cash in three financial institutions. The Federal Deposit Insurance Corporation insures up to $100,000 per legal entity per financial institution. At December 31, 2006 our uninsured cash balance was approximately $681,000.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and United States Treasury Bills maturing in less than ninety days from the date of purchase. At December 31, 2006, we did not own any United States Treasury Bills with a maturity of ninety days or longer.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of trade accounts receivable resulting from customer sales of artifacts and merchandise. The balances at December 31, 2006 and 2005 are $443,523 and $1,527,913, respectively. The balances at December 31, 2006 and 2005 are net of return reserves in the amounts of $8,445 and $127,398, respectively.

NOTE E - INVENTORY

Our inventory consists of the following:

	2006	2005
Artifacts	$8,488,258	$ 9,320,343
Merchandise	583,318	634,558
Packaging	544,661	613,407
Total Inventory	$9,616,237	$10,568,308

SS *Republic* recovery operations continued until February 2005. Based on our estimates of the timing of future sales, $7,353,159 and $5,839,914 of artifact inventory for the fiscal years ended 2006 and 2005 were classified as non-current.

The recorded amount of the SS *Republic* artifacts represents the accumulated capitalized costs of recovery and conservation of these items as follows:

	2006	2005
At beginning of year	$9,320,343	$9,220,118
Capitalized recovery costs	—	632,045
Purchases	124,575	—
Amounts recorded as artifacts for display	(249,347)	73,577
Amounts reported as cost of sales	(707,313)	(605,397)
At end of year	$8,488,258	$9,320,343

NOTE F - OTHER CURRENT ASSETS

Our other current assets consist of the following:

	2006	2005
Advances	$ 3,409	$ 41,778
Prepaid expenses	329,204	567,878
Deposits	27,052	120,022
Total Other current assets	$359,665	$729,678

For the period ended December 31, 2006, prepaid expenses consist of $162,514 of prepaid insurance premiums and $166,689 of other operating prepaid costs. For the period ended December 31, 2005, prepaid expenses consist of $333,866 of prepaid insurance premiums and $234,012 of other operating prepaid costs. All prepaid expenses are amortized on a straight-line basis over the term of the underlying agreements. Deposits are held by various vendors for equipment, services, and in accordance with agreements in the normal course of business.

NOTE G – PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

Class	2006	2005
Building, improvements and land	$ 3,709,873	$ 3,973,988
Computers and peripherals	676,777	639,643
Furniture and office equipment	922,193	802,082
Vessels and equipment	9,276,772	6,747,185
Exhibits and related	1,888,647	2,556,828
	16,474,262	14,719,726
Less: Accumulated depreciation	(4,539,855)	(2,738,572)
Property and equipment, net	$11,934,407	$11,981,154

NOTE H – ATTRACTION DEVELOPMENT

Attraction development balances of $1,261,573 and $1,172,475 for the periods ended December 31, 2006 and 2005, respectively, represent direct costs for project engineering and design costs and fabrication/construction costs for attraction exhibits in process of completion. During 2005, we transferred $2,556,827 to property and equipment upon the opening of our New Orleans exhibit. The $1,261,573 remaining at the end of the current year relates to the in-process construction of our second exhibit. We suspended completion of this second 5,000 square foot traveling exhibit attraction until we relocate our existing attraction.

NOTE I – BUILDING AND LAND

On July 23, 2004, we purchased a 23,500 square foot two story office building for $3,058,770 to serve as our corporate and operations headquarters. With tenant improvements the facility is recorded on the books at a cost of $3,470,523. We currently lease approximately 38% of the space to two tenants.

NOTE J – OTHER LONG TERM ASSETS

Other long term assets consist of the following:

	2006	2005
Artifacts	$ 572,670	$323,323
Deposits	568,962	552,892
Image use rights, net	34,974	51,384
Total Other long term assets	$1,176,606	$927,599

The artifact balances for both reportable years consist of artifacts conserved specifically for the company and are not for resale. Deposits include $432,500 on account with the United Kingdom's Ministry of Defense relating to the expense deposits for the HMS *Sussex* as well as a $100,000 deposit to fund conservation and documentation of any artifacts recovered. These deposits are refundable from proceeds the United Kingdom would receive if the HMS *Sussex* is discovered and its artifacts monetized. If the HMS *Sussex* is not discovered, the Company is at risk for the entire amounts. Other deposits are held by various vendors for equipment, services, and in accordance with agreements in the normal course of business. Image use rights are amounts paid to utilize, for a period up to five years, copyrighted images in our themed attractions segment. The amount is net of $15,225 of amortization.

NOTE K – MORTGAGE AND LOANS PAYABLE

The Company's consolidated mortgages and notes payable consisted of the following at December 31, 2006 and 2005:

	2006	2005
Revolving credit facility	$3,000,000	$ 11,433
Mortgage payable	2,473,090	1,858,333
Loan payable	1,024,000	—
	$6,497,090	$1,869,766

Revolving Credit Facility

On March 29, 2006, we entered into an Amended and Restated Revolving Credit Agreement with Mercantile Bank. The Amended and Restated Credit Agreement replaces the Company's prior agreement with the Bank. The Amended and Restated Agreement reduced the amount of the commitment from the Bank from a $6 million revolving credit facility to a $3 million revolving credit facility. The $4 million of gold coins previously collateralized were removed from the amended agreement and silver coins collateralized and held by the custodian increased from 10,000 to 15,000 coins. The credit facility has a floating interest rate equal to the "LIBOR 30-Day Index Rate" plus two hundred sixty five basis points (2.65%), requires monthly payments of interest only and is due in full on April 21, 2008. The Company will also be required to pay the Bank an unused line fee equal to 0.25% per annum of the unused portion of the credit line, payable quarterly. Additionally, the Company granted a first lien position on all corporate assets, including a provision not to pledge as collateral our Company-owned vessels. The Company is required to comply with a number of covenants as stated in the Amended and Restated Agreement.

Mortgage Payable

During June 2006, we entered into a mortgage loan for $2.5 million with Carolina First Bank for the refinancing of our corporate office building. This mortgage replaces the original mortgage held by the Bank of Tampa. The mortgage loan is due on June 1, 2009 with monthly payments based on a 20 year amortization schedule. Interest is at a fixed annual rate of 7.5%. Of the principal amount due on the mortgage, $59,605 is classified as a current liability. This debt is secured by the related mortgaged real property as well as being cross-collateralized with the coins used to secure the Amended and Restated Revolving Credit Agreement with Mercantile Bank.

Maturities of long-term debt associated with the mortgage payable are as follows:

Year Ending December 31,	
2007	$ 59,605
2008	64,778
2009	2,348,707
Total mortgage payable	2,473,090
Less current portion	59,605
Long term portion	$2,413,485

Loan Payable

During June 2006, we entered into a loan agreement for $1.12 million with Mercantile Bank for the purchase of a remotely operated vehicle (ROV) of which the purchase price was $1.4 million. This loan has a maturity date of September 1, 2009 and bears a variable LIBOR interest rate that is adjusted monthly. The variable rate is calculated by dividing LIBOR by an amount equal to 1.00 minus the Libor Reserve Percentage, plus 3.0%. The interest rate in effect at the end of the period was 7.98%. The first three months of the agreement required interest only payments followed by principle payments of $32,000 plus interest over the remaining life of the loan. Of the principal amount due on the loan, $384,000 is classified as a current liability. The ROV is pledged as collateral for this loan.

Maturities of long-term debt associated with the loan payable are as follows:

Year Ending December 31,	
2007	$ 384,000
2008	384,000
2009	256,000
Total mortgage payable	1,024,000
Less current portion	384,000
Long term portion	$ 640,000

See “Note T – Commitments and contingencies” for information pertaining to consolidated commitments.

NOTE L – ACCRUED EXPENSES

Accrued expenses consist of following:

	2006	2005
Wages and bonuses	$ 400,418	$ 558,847
Vessel operations	1,093,276	639,026
Other operating expenses	366,419	457,256
Themed attractions	86,969	188,132
Total accrued expenses	$1,947,082	$1,843,261

Vessel operations relates to expenditures required to operate our ships such as fuel, repair and maintenance and port fees. Other operating expenses contain general costs related to, but not limited to marketing, book distribution fees, professional services and the attraction and exhibits.

NOTE M - RELATED PARTY TRANSACTIONS

On December 9, 2002, a Georgia limited liability company acquired rights from an unrelated third party through a foreclosure sale to receive 5% of post finance cost proceeds, if any, from shipwrecks that we may recover within a predefined search area of the Mediterranean Sea. The shipwreck we believe to be HMS *Sussex* is located within this search area. Two of our officers and directors owned a 60% interest in the limited liability company until they sold their interests to an unrelated third party in 2005. In the event that political interference precludes the recovery efforts of the project, the officers would be required to buy back their interests.

A construction company, owned by the stepson of an officer of the company, was paid for renovation services on our corporate headquarters building amounting to $105,259 for the period ended December 31, 2005. Also, the spouse of a Company officer performed logo design services for the period ended December 31, 2005 amounting to $3,525.

NOTE N - SALE OF REVENUE PARTICIPATION CERTIFICATES

We have sold through private placements of Revenue Participation Certificates (“RPCs”) the right to share in our future revenues derived from the Cambridge project which refers to the Sussex shipwreck project. We also sold RPCs related to a project formerly called the Republic project which we now call the Seattle project. The Seattle project refers to a shipwreck which we have not yet located.

Each $50,000 convertible Cambridge RPC entitles the holder to receive a percentage of the gross revenue received by us from the “Cambridge” project, which is defined as all cash proceeds payable to us as a result of the Cambridge project, less any amounts paid to the British Government or their designee(s); provided, however, that all funds received by us to finance the project are excluded from gross revenue.

As of April 30, 1999, when the offering was closed, we had sold $825,000 of a maximum of $900,000 of the Cambridge RPCs. As a group, the holders are entitled to 100% of the first $825,000 of gross revenue, 24.75% of gross revenue from $4—35 million, and 12.375% of gross revenue above $35 million generated by the Cambridge project.

Distributions are to be made to each certificate holder within 15 days from the end of each quarterly reporting period in which we receive any cash proceeds from, or as a result of, the Cambridge Project. The Cambridge RPC units constitute restricted securities.

In a private placement, which closed in September 2000, we sold “units” comprised of Republic Revenue Participation Certificates, and Common Stock. Each $50,000 “unit” entitled the holder to 1% of the gross revenue generated by the Seattle project (formerly referred to as the Republic project), and 100,000 shares of Common Stock. Gross revenue is defined as all cash proceeds payable to us as a result of the Seattle project, excluding funds received by us to finance the project.

When the offering was closed, in September 2000, a total of five $50,000 units consisting of one Republic RPC and 100,000 shares of Common Stock had been sold, and the cost of each unit was allocated as $37,500 for the stock and $12,500 for the RPC. Therefore, a total of $62,500 was reflected on the books as deferred income from the sale of Republic Revenue Participation Certificates.

As of December 31, 2005 we had sold, in total, $887,500 of RPCs, which are reflected on the books as Deferred RPC Income to be amortized under the units of revenue method once management can reasonably estimate potential revenue for these projects.

These RPC issues do not have a termination date, therefore these liabilities will be carried on the books until revenue is recognized from these projects or we permanently abandon either project.

NOTE O - PREFERRED STOCK

We currently have 6,800,000 shares of Preferred Stock, 510,000 shares of Series A Convertible Preferred Stock and 2,500,000 shares of Series D Convertible Preferred Stock that have been authorized of which only 2,500,000 of the Series D Convertible Preferred Stock is issued and outstanding. The Preferred Stock may be issued in series from time to time with such rights, designations, preferences and limitation as our Board of Directors may determine by resolution.

Series D Preferred Stock

On March 13, 2006 we sold 2,500,000 shares of non-voting Series D Convertible Preferred Stock, par value $0.0001 per share, at $3.50 per share to funds managed by two institutional accredited investors pursuant to the terms of a purchase agreement. The Series D Preferred Stock is convertible into Common Stock at a ratio of one (1) share of Common Stock for every one (1) share of Series D Preferred Stock. Proceeds of the private offering were $8,750,000.

NOTE P – COMMON STOCK OPTIONS AND WARRANTS

We adopted the 1997 Stock Option Plan on September 8, 1997. Under the terms of the plan, non-statutory options to purchase Common Stock are granted to employees, consultants and non-employee directors at not less than 100% of the fair market value of the shares on the date of grant or the par value thereof whichever is greater. Options currently expire no later than 5 years from the date of grant and are fully vested in two years or less. The cumulative number of shares which may be subject to options issued and outstanding pursuant to the plan is limited to 3,500,000 shares.

On August 3, 2005, our Board of Directors approved and adopted our 2005 Stock Incentive Plan. This plan was submitted to our shareholders and was ratified at the Annual Meeting of Stockholders on May 5, 2006. The plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights. We have reserved 2,500,000 of our authorized but unissued shares of common stock for issuance under the plan and not more than 500,000 of these shares may be used for restricted stock awards and restricted stock units. Any incentive option and any non-qualified option granted under the plan must provide for an exercise price of not less than the fair market value of the underlying shares on the date of grant, but the exercise price of any incentive option granted to an eligible employee owning more than 10% of our outstanding common stock must not be less than 110% of fair market value on the date of the grant.

Additional information with respect to both plan's stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at February 29, 2004	2,439,000	$1.91
Granted	330,000	$5.00
Exercised	(237,500)	$1.18
Cancelled	(115,000)	$3.64
Outstanding at December 31, 2004	2,416,500	$3.79
Granted	245,000	$3.43
Exercised	(602,625)	$1.12
Cancelled	(67,500)	$2.27
Outstanding at December 31, 2005	1,991,375	$2.83
Granted	1,360,000	$3.63
Exercised	(330,954)	$1.35
Cancelled	(452,834)	$3.83
Outstanding at December 31, 2006	2,567,587	$3.26
Options exercisable at December 31, 2004	1,659,000	$1.76
Options exercisable at December 31, 2005	1,850,250	$2.86
Options exercisable at December 31, 2006	1,615,921	$3.07

The aggregate intrinsic values of options exercisable for the fiscal years ended December 31, 2006, 2005 and 2004 were $949,847, $2,229,475 and $1,542,188, respectively. The aggregate intrinsic values of options outstanding for the fiscal years ended December 31, 2006, 2005 and 2004 were $958,299, $2,316,185 and $1,775,000, respectively. The aggregate intrinsic values of options exercised during the fiscal years ended December 31, 2006, 2005 and 2004 are $736,275, $1,688,415 and $651,313, respectively, determined as of the date of the option exercise. Aggregate intrinsic value represents the positive difference between our closing stock price at the end of a respective period and the exercise price multiplied by the number of relative options. The total fair value of shares vested during the fiscal years ended December 31, 2006, 2005 and 2004 was $174,993, $2,062,663 and $986,300, respectively.

As of December 31, 2006, there was $1,143,697 of total unrecognized compensation cost related to unvested share-based compensation awards granted to employees under the option plans. That cost is expected to be recognized over a weighted-average period of 1.8 years.

The following table summarizes information about stock options outstanding at December 31, 2006:

Stock Options Outstanding

Range of Exercise Prices	Number of Shares Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$1.00 - $2.50	982,421	1.27	$ 1.94
$2.60 - $5.00	1,585,166	3.28	$ 4.08
	2,567,587	2.51	$ 3.26

At December 31, 2004, we had 3,950,000 warrants outstanding. These warrants were issued to one individual in connection with loans made to us, to one consultant for services, to ten individuals in connection with the conversion of loans into common stock, and to 52 individuals who purchased units in a private placement offering.

During the fiscal year ended December 31, 2005, all of the warrants outstanding at December 31, 2004 were exercised. Proceeds of $9,869,750 were realized from the exercise of these warrants.

During March of 2005, we issued 3,170,000 warrants to six entities in a private placement offering. During the quarter ended September 30, 2005 we issued 100,000 warrants to a vendor for services relating to a marketing program. During three month period ended December 31, 2006 we issued 100,000 warrants to three accredited investors in a private placement offering. Warrants outstanding at December 31, 2006 are as follows:

Warrants	Price per Share	Expiration Date
3,170,000 (A)	$ 3.50	3/09/07
100,000	$ 5.25	(B)
100,000	$ 4.00	11/22/08
3,370,000		

(A): See “Note W – Subsequent events”

(B): During the quarter ended September 30, 2005 we issued 100,000 warrants having an exercise price of $5.25 per share to a vendor for services relating to a marketing program. These warrants become vested and earned based upon future performance of the program, and may not be exercised until vested and earned, therefore expense will not be recorded until the warrants are vested and earned. The warrants have a two year exercise period commencing on the date when the warrants would be vested and earned. At December 31, 2006 these warrants have not been earned nor have they commenced with vesting.

NOTE Q - INCOME TAXES

As of December 31, 2006, we had consolidated income tax net operating loss (“NOL”) carryforwards for federal income tax purposes of approximately $48,361,000. The federal NOL carryforward will expire in various years ending through the year 2026.

The components of the provision for income taxes (benefits) are attributable to continuing operations as follows:

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
Current			
Federal	$ —	$ —	$ —
State	—	—	—
	$ —	$ —	$ —
Deferred			
Federal	$ —	$3,180,768	$2,984,843
State	—	100,742	478,068
	$ —	$3,281,510	$3,462,911

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

Deferred tax assets:	
Net operating loss carryforwards	$ 17,802,066
Accrued expenses	218,631
Reserve for accounts receivable	2,976
Reserve for deferred costs	107,833
Stock option expense	202,841
Less: valuation allowance	(14,857,487)
	$ 3,476,860
Deferred tax liability:	
Prepaid expenses	$ 69,577
Excess of tax over book depreciation	293,980
Artifacts recovery costs	3,042,924
Inventory reserve	628
Fixed asset basis	69,751
	$ 3,476,860
Net deferred tax asset	$ —

As reflected above, we have recorded a net deferred tax asset of $0 at December 31, 2006. In accordance with SFAS No. 109, *"Accounting for Income Taxes,"* we have evaluated whether it is more likely than not that the deferred tax assets will be realized. Based on the available evidence, we have concluded that it is more likely than not that those assets would not be realizable without the recovery of high value shipwrecks (such as the Sussex) and thus a valuation allowance has been maintained as of December 31, 2006. Our ability to generate net income in future periods is dependent upon the success of our ability to recover and monetize high-value shipwrecks. We were optimistic that our search and recovery efforts in 2006 would have been more successful than we have reported. However, we continue to be confident that we have several potential high-value shipwreck targets which could be recovered in 2007. Our current estimates do not include monetizing any assets for shipwrecks which may be recovered in 2007 or beyond. We will continue to reassess the need for a valuation allowance during each future reporting period.

The change in the valuation allowance is as follow:

December 31, 2006	$ 14,857,487	December 31, 2005	$ 7,791,859
December 31, 2005	$ 7,791,859	December 31, 2004	$ 10,993
Change in valuation allowance	$ 7,065,628	Change in valuation allowance	$ 7,780,866

Income taxes for the twelve month periods ended December 31, 2006 and 2005 and the ten month period ended December 31, 2004 differ from the amounts computed by applying the effective income tax rate of 34.0% to income taxes as a result of the following:

	12 Month Period Ended December 31, 2006	12 Month Period Ended December 31, 2005	10 Month Period Ended December 31, 2004
Expected provision (benefit)	$(6,489,949)	$(3,956,231)	$2,955,331
State income taxes net of federal benefits	(243,360)	(258,626)	314,826
Nondeductible (income) expenses	12,486	23,205	(6,552)
Stock options exercised	(232,127)	—	—
Change in valuation allowance	7,065,628	7,780,866	10,993
Effects of:			
Change in rate estimate	(118,363)	(321,937)	101,535
Change in NOL estimate	—	—	87,031
Other, net	5,685	14,233	(253)
Income tax provision (benefit)	$ —	$ 3,281,510	$3,462,911

During the twelve month periods ended December 31, 2006 and 2005, we recognized certain tax benefits, prior to any valuation allowances, related to stock option plans in the amount of $51,136 and $453,110, respectively. If we did not have a full valuation allowance, such benefits would be recorded as an increase in the deferred tax asset and an increase in additional paid-in capital.

NOTE R – MAJOR CUSTOMERS

During the fiscal year ended December 31, 2006, we had two customers who accounted for 41.3% and 23.7% of our total sales. For the fiscal year ended December 31, 2005 we had two customers who accounted for 45.7% and 10.4% of our total sales.

NOTE S – SEGMENT REPORTING

SFAS 131, Disclosures about Segments of an Enterprise and Related information, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is our Chief Executive Officer. The Company manages and evaluates the operating results of the business in two primary segments, shipwreck exploration and themed attractions. Because of the expansion of our themed attractions, we began reporting segment information for the three and nine months ended September 30, 2005.

Shipwreck Exploration – This segment includes all operating activities for exploration and recovery of deep-water shipwrecks including the marketing, promotion and distribution of recovered artifacts, related replicas, merchandise and books through various retail and wholesale sales channels.

Themed Attractions – This segment is responsible for the development and operation of interactive attractions and exhibits which will entertain and educate multi-generational audiences, and present our unique shipwreck stories and artifacts.

The accounting policies of the business segments are the same as those described in the summary of significant accounting policies included in Note A. Management evaluates the operating results of each of its reportable segments based upon revenues and operating income (loss) before taxes. Corporate overhead supporting segments including legal, finance, human resources, information technology, real estate facilities, as well as stock based compensation is included within the shipwreck exploration segment and not allocated to themed attractions.

We held the grand opening of our first themed attraction, *Odyssey's Shipwreck & Treasure Adventure* , on August 27, 2005, at the Jax Brewery complex in the French Quarter of New Orleans. The attraction was closed early on the grand opening day due to Hurricane Katrina. We re-opened the attraction in February 2006 and closed it again in September 2006 because of market conditions in New Orleans. Odyssey received approximately $1,200,000 in the fourth quarter 2006 as final insurance settlement on our claim for damages and business interruption due to the hurricane. Proceeds relating to our business interruption coverage are approximately $802,000 and are recorded as Other income As a result of our lease termination in New Orleans, we accelerated the estimated useful lives of certain assets and leasehold improvements in 2006. This acceleration resulted in additional expenses of approximately $900,000 as of December 31, 2006. While the attraction is presently closed, we plan to relocate it to another market in 2007 and continue to research alternatives. We suspended completion of our second 5,000 square foot traveling exhibit attraction until we relocate our existing attraction.

(amounts in thousands)	Shipwreck Exploration	Themed Attractions	Consolidated
Segment Information			
Twelve months ended December 31, 2006			
Revenues from external customers	$ 4,844	$ 220	$ 5,064
Income (loss) before income taxes	$ (17,073)	$ (2,015)	$ (19,088)
Segment assets	$ 23,907	$ 3,301	$ 27,208
Twelve months ended December 31, 2005			
Revenues from external customers	$ 9,983	$ 54	$ 10,037
Income (loss) before income taxes	$ (9,499)	$ (2,139)	$ (11,638)
Segment assets	$ 25,349	$ 4,841	$ 30,190

NOTE T – COMMITMENTS AND CONTINGENCIES

Rights to Future Revenues, If Any

We have sold the rights to share in future revenues, if any, with respect to the "Seattle" (formerly "Republic") and Cambridge projects and have recorded $887,500 as Deferred Income From Revenue Participation Certificates (See NOTE N). We are contingently liable to share the future revenue of these projects only if revenue is derived from these specific projects.

To date, the only income derived from these projects resulted in a one time revenue distribution payment of $12,986 to the holders of the Cambridge RPC's.

Revenue from the SS *Republic* shipwreck or its cargo are not subject to revenue sharing.

In addition, on May 26, 1998, we signed an agreement with a subcontractor that entitled it to receive 5% of the post finance cost proceeds from any shipwrecks in a predefined search area of the Mediterranean Sea. A shipwreck we have found, which we believe to be the HMS *Sussex* , is located within the specified search area and we will be responsible to share future revenues, if any, from this shipwreck. On December 9, 2002, a Georgia limited liability company acquired the 5% interest from the subcontractor through a foreclosure sale (see NOTE M).

Legal Proceedings

On or about December 14, 2004 a complaint was filed against seven defendants including the Company in the Court of Common Pleas in the Ninth Judicial Circuit, County of Charleston, in the State of South Carolina. The complaint was filed by Republic & Eagle Associates, Inc. and Sea Miners, Inc. against John Morris, Greg Stemm, John Lawrence, John Balch, Daniel Bagley, Seahawk Deep Sea Technologies, Inc. ("Seahawk") and the Company. The plaintiffs' allegations include breach of fiduciary duty, civil conspiracy and breach of contract based primarily upon an alleged contract(s) between the plaintiffs and Seahawk dated May 16, 1995 dealing with the search for the SS *Republic* . The plaintiffs allege that their research which was provided to Seahawk led to the discovery of the SS *Republic* and they seek an unspecified amount of damages and public recognition of their contribution. On February 18, 2005, John Morris, Greg Stemm, Daniel Bagley, and the Company filed their Notice of Motion and Motion to Dismiss Defendants John Morris, Greg Stemm, Daniel Bagley and Odyssey Marine Exploration, Inc. (the "Motion"). In the Motion, the defendants allege that the complaint should be dismissed because, among other things, the South Carolina court does not have jurisdiction over them, the action was filed in an improper venue, plaintiffs lack the capacity to maintain the action, and the action should be barred based on the Doctrine of Forum Non Conveniens. The court granted the Motion and dismissed the case for lack of personal jurisdiction on June 9, 2006. The plaintiffs subsequently filed a Motion for Rehearing, and after further argument on the issues, the judge reversed his decision and entered an order denying the defendants' motion to dismiss on February 27, 2007. The defendants filed a Motion to Re-consider the order granting the plaintiffs' motion for reconsideration and denying defendants' motion to dismiss on March 12, 2007. Management believes the lawsuit is without merit and intends to vigorously defend the action.

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Management currently believes that these claims and suits will not have a material adverse impact on its financial position or its results of operations.

Partnering Agreement

On September 27, 2002, we entered into an agreement (the "Agreement") with the Government of the United Kingdom of Great Britain and Northern Ireland (the "British Government"). The Agreement allows us to conduct an archaeologically sensitive exploration of the shipwreck believed to be HMS *Sussex* and to recover artifacts and cargoes from the wreck site.

The Agreement required us to submit a Project Plan (the "Plan") to the British Government concerning the equipment, personnel and methodologies we intend to use in the exploration of the shipwreck, and the conservation and documentation of any artifacts and cargo that may be recovered. We submitted our Plan to the government on November 11, 2002, and received approval on May 22, 2003.

We have paid a 5,000 pounds (approximately $7,845) refundable license fee and an expense deposit of 250,000 pounds ($432,500) for the British Government's expenses in connection with the project. The deposit is not refundable if the project is not successful. At such time as we represent to the British Government that we have recovered $3.5 million worth of cargo and/or artifacts, all funds advanced for the British Government's expenses will be returned to us. We were also required to fund a $100,000 deposit to ensure that funds are available for the conservation and documentation of any artifacts recovered. The Agreement provides a mechanism for raising or lowering the deposit amount depending upon the quantity and condition of the artifacts that need to be conserved and documented.

The following sharing arrangements have been agreed upon with respect to the aggregate amount of the appraised values and/or selling prices of the artifacts, net of agreed selling expenses:

Range	British Government	Odyssey
$0 - $45 million	20%	80%
$45 million to $500 million	50%	50%
Above $500 million	60%	40%

In addition to the percentages specified above, we will also pay the British Government 10% of any net income we derive from intellectual property rights associated with the project.

We also received the exclusive worldwide right to use the name "HMS *Sussex* " in connection with sales and marketing of merchandise (exclusive of artifacts) related to the wreck, and the British Government will receive 3% of the gross sales of such merchandise.

The Agreement is for a period of 20 years, and may only be terminated if the shipwreck is not the HMS *Sussex* or if we are in serious breach of our obligations under the Agreement.

Other commitments and contingencies

At December 31, 2006, the Company's future contractual obligations are as follows:

(dollars in thousands) Contractual Obligations	Payments due by period						
	Total	2007	2008	2009	2010	2011	More than 5 years
Long term debt	$6,497,090	$3,443,605	$448,778	$2,604,707	$ —	$ —	$ —
Interest on debt	811,161	498,178	217,445	95,538	—	—	—
Operating leases	124,694	87,783	36,911	—	—	—	—
Total contractual obligations	$7,432,945	$4,029,566	$703,134	$2,700,245	$ —	$ —	$ —

Long term debt represents amounts due on our existing mortgage for our office building, line of credit and note payable. Operating leases consists of our lease on our conservation lab in Tampa.

See "Note K – Mortgage and loans payable"

Material Trends and Uncertainties

The results of operations for the immediate two preceding fiscal years produced net operating losses. We anticipate we will continue to incur net losses in 2007. Our ability to generate net income in future periods is dependent upon the success of our ability to recover and monetize high-value shipwrecks. We believe we have several potential high-value shipwreck targets which could be recovered in 2007. Our current 2007 business plan estimates our cash requirements for operations and capital expenditures will range from $18 million to $22 million. Based upon our $2.4 million 2006 year end cash position, recent equity offering and projected 2007 revenues, we estimate an additional cash requirement of $5 million to $7 million to meet our projected business plan requirements. In May 2007, we have a potential exercise of $3.50 warrants for $7.7 million. However, if the warrants expire, we will be required to raise additional financing to fund our projected business plan. While we have been successful in raising the necessary funds in the past, there can be no assurance we can continue to do so. We also cannot guarantee that the sales of our products and other available cash sources will generate sufficient cash flow to meet our projected cash requirements in 2007. If cash flow is not sufficient to meet our projected business plan requirements, we will be required to reduce our exploration and development efforts and overhead to a level for which funding can be secured.

NOTE U – RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes.* This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the impact of FIN 48 on our consolidated financial position, results of operations, and cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* , ("FAS 157"). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of FAS 157 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE V - QUARTERLY FINANCIAL DATA - UNAUDITED

The following tables present certain unaudited consolidated quarterly financial information for each of the eight quarters ended December 31, 2006. This quarterly information has been prepared on the same basis as the Consolidated Financial Statements and includes all adjustments necessary to state fairly the information for the periods presented.

	Fiscal Year Ended December 31, 2006 Quarter Ending			
	March 31	June 30	September 30	December 31
Revenue - net	$ 865,179	$ 1,957,834	$ 586,778	$ 1,654,129
Gross profit	750,849	1,698,227	283,589	1,243,425
Net income	(3,928,687)	(4,191,439)	(6,190,777)	(4,777,182)
Basic and diluted net income per share	$ (0.09)	$ (0.09)	$ (0.13)	$ (0.10)

	Fiscal Year Ended December 31, 2005 Quarter Ending			
	March 31	June 30	September 30	December 31
Revenue - net	$ 3,349,516	$ 3,825,818	$ 986,682	$ 1,874,559
Gross profit	3,133,235	3,472,009	796,049	1,537,269
Net income	(11,906)	(1,080,667)	(3,121,083)	(10,706,229)
Basic and diluted net income per share	$ —	$ (0.03)	$ (0.07)	$ (0.23)

NOTE W - SUBSEQUENT EVENTS

On January 24, 2007, we issued and sold an aggregate of 2,200,000 shares of its Series D Convertible Preferred Stock ("Series D Preferred Stock") at a price of $3.00 per share, for an aggregate purchase price of $6.6 million in cash, pursuant to a Series D Convertible Preferred Stock Purchase Agreement (the "Purchase Agreement"). In connection with the transaction, the Company also (a) issued the investors warrants to purchase an aggregate of 440,000 additional shares of Series D Preferred Stock with an exercise price of $4.00 per share and an expiration date of January 24, 2009, and (b) issued to certain of the investors warrants to purchase an aggregate of 2,200,000 shares of Series D Preferred Stock with an exercise price of $3.50 per share and an expiration date of May 15, 2007, in exchange for the cancellation and surrender of warrants to purchase Common Stock held by such investors with an exercise price of $3.50 per share of Common Stock and an expiration date of March 9, 2007.

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SCHEDULE II - VALUATION and QUALIFYING ACCOUNTS
For the Fiscal Years of 2004, 2005 and 2006

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

	Balance at Beginning of Year	Charged (Credited) to Expenses	Charged (Credited) to Other Accounts	Deductions	Balance at End of Year
Deferred income tax asset Valuation allowance					
2004	—	10,993	—	—	10,993
2005	10,993	7,780,866	—	—	7,791,859
2006	7,791,859	7,065,628	—	—	14,857,487

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunder duly authorized.

ODYSSEY MARINE EXPLORATION, INC.

Dated: March 16, 2007 By: / s / John C. Morris

Co-Chairman of the Board, President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/ s / J OHN C. M ORRIS **John C. Morris**	Co-Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 16, 2007
/ s / G REGORY P. S TEMM **Gregory P. Stemm**	Co-Chairman of the Board and Vice President	March 16, 2007
/ s / M ICHAEL J. H OLMES **Michael J. Holmes**	Chief Financial Officer (Principal Financial Officer)	March 16, 2007
/ s / J AY A. N UDI **Jay A. Nudi**	Controller (Principal Accounting Officer)	March 16, 2007
/ s / G EORGE K NUTSSON **George Knutsson**	Director	March 16, 2007
/ s / D AVID J. S AUL **David J. Saul**	Director	March 16, 2007
/ s / G EORGE E. L ACKMAN **George E. Lackman, Jr.**	Director	March 16, 2007
/ s / D AVID J. B EDERMAN **David J. Bederman**	Director	March 16, 2007

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EXHIBITS INDEX

Exhibit Number	Description
3.1	Articles of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-KSB for the year ended February 28, 2001)
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Report on Form 8-K dated February 28, 2006)
3.3	Designation of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.3 to the Company's Report on Form 8-K dated February 28, 2001)
3.4	Amended Certificate of Designation of Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.4 to the Company's Report on Form 8-K dated September 19, 2002)
3.5	Certificate of Designation of Series D Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K dated March 13, 2006)
3.6	Certificate of Amendment to Certificate of Designation of Series D Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K dated January 22, 2007)
4.1	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed November 22, 2006)
4.2	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed November 22, 2006)
10.1	1997 Stock Option Plan (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-KSB for the year ended February 28, 2001)
10.2	Partnering Agreement Memorandum Concerning the Shipwreck of HMS *Sussex* , dated September 27, 2002 (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-QSB For the quarter ended August 31, 2002)
10.3	Revolving Credit Agreement with Mercantile Bank dated April 21, 2005(incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K For the year ended December 31, 2005)
10.4	Revolving Credit Note to Mercantile Bank dated April 21, 2005 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K For the year ended December 31, 2005)
10.5	Security Agreement with Mercantile Bank dated April 21, 2005 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K For the year ended December 31, 2005)
10.6	Lease Agreement dated June 1, 2005 with Jackson Brewery Millhouse, LLC, for attraction exhibit space (incorporated by reference to Exhibit 10.14 to the Company's Report on Form 8-K dated June 2, 2005)
10.7	2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Report on Form 8-K dated August 3, 2005)
10.8	Amended and Restated Revolving Credit Agreement with Mercantile Bank dated March 29, 2006 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated April 3, 2006)
10.9	Amended and Restated Credit Note with Mercantile Bank dated March 29, 2006 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated April 3, 2006)
10.10	Amended and Restated Security Agreement with Mercantile Bank dated March 29, 2006 (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K dated April 3, 2006)
10.11	Series D Convertible Preferred Stock Purchase Agreement (filed herewith electronically)
10.12	Warrant to Purchase Series D Convertible Preferred Stock (D1) (filed herewith electronically)
10.13	Warrant to Purchase Series D Convertible Preferred Stock (D2) (filed herewith electronically)
10.14	First Amendment to Lease Agreement dated January 31, 2007, with Jackson Brewery Millhouse, LLC, for attraction exhibit space rental (filed herewith electronically)
21	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to the Company's Annual Report on Form 10-K For the year ended December 31, 2005)

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Exhibit Number	Description
23.1	Consent of Ferlita, Walsh & Gonzalez, P.A., Independent Accountants (filed herewith electronically)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith electronically)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith electronically)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith electronically)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith electronically)

EXHIBIT 10.11

SERIES D CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES D CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into effective as of January 24, 2007, by and among **ODYSSEY MARINE EXPLORATION, INC.**, a Nevada corporation (the "Company"), and the investor(s) listed on Schedule A attached hereto, each of which is herein individually referred to as an "Investor" and all of which are herein collectively referred to as the "Investors."

Background Information:

The Company proposes to authorize, issue, and sell to the Investors, and the Investors propose to purchase and accept from the Company, shares of the Company's Series D Convertible Preferred Stock, par value $0.0001 per share (the "Series D Shares"), with the terms and conditions as set forth in the Certificate of Designation and the Certificate of Amendment to Certificate of Designation in the forms attached hereto as Exhibit A (together, the "Amended Certificate of Designation"). More specifically, the Company proposes to authorize, issue, and sell to the Investors (a) an aggregate of 2,200,000 Series D Shares and (b) warrants in substantially the form attached hereto as Exhibit B-1 (the "Series D-1 Warrants") to purchase up to an aggregate of 440,000 additional Series D Shares with an exercise price of $4.00 per share. In addition, the Company proposes to authorize and issue to certain of the Investors warrants in substantially the form attached hereto as Exhibit B-2 (the "Series D-2 Warrants" and, together with the Series D-1 Warrants, the "Series D Warrants") to purchase up to an aggregate of 2,200,000 additional Series D Shares with an exercise price of $3.50 per share. Series D-2 Warrants to purchase Series D Shares shall be issued to each of the Investors that holds a Warrant to Purchase Common Stock of the Company (the "Common Stock Warrants") issued to such Investor in March 2005, against surrender for cancellation by such Investor of all of the Common Stock Warrants held by such Investor. The purpose of this Agreement is to set forth the terms and conditions upon which (i) the Company will issue and sell the Series D Shares and the Series D-1 Warrants to the Investors and the Investors will purchase the Series D Shares and accept the Series D-1 Warrants from the Company and (ii) certain Investors will exchange their Common Stock Warrants for Series D-2 Warrants, as well as certain other related matters.

NOW, THEREFORE, in consideration of the foregoing recitals and the terms, conditions, and provisions hereof, the parties hereto, intending to be legally bound hereby, agree as follows:

Article 1
Purchase and Sale of Securities

Section 1.1 Sale and Issuance of Series D Shares and Series D-1 Warrants and exchange of Series D-2 Warrants.

(a) The Company has adopted and filed, or shall adopt and file with the Secretary of State of Nevada on or before the Closing (as defined below), the Amended Certificate of Designation.

(b) On or prior to the Closing (as defined below), the Company shall have authorized (i) the sale and issuance to the Investors of the Series D Shares, (ii) the issuance to the Investors of the Series D Warrants, (iii) the issuance of any Series D Shares to be issuable upon exercise of the Series D Warrants, and (iv) the issuance of the shares of the Company's common stock, par value $0.0001 per share (the "Common Stock"), to be issuable upon conversion of the Series D Shares, including upon conversion of any Series D

Shares that may be purchased upon exercise of the Series D Warrants (the " Conversion Shares "). The Series D Shares shall have the rights, preferences, privileges and restrictions set forth in the Amended Certificate of Designation.

(c) Subject to the terms and conditions of this Agreement, (i) each Investor agrees to purchase at the Closing, and the Company agrees to sell and issue to each Investor at the Closing, that number of Series D Shares and a Series D-1 Warrant to purchase that number of Series D Shares set forth opposite such Investor's name on Schedule A hereto for $3.00 per Series D Share (the " Series D Purchase Price "), and (ii) each of the Investors that holds Common Stock Warrants agrees to surrender for cancellation at the Closing all of the Common Stock Warrants held by such Investor, and in exchange therefor the Company agrees to issue to such Investor a Series D-2 Warrant to purchase the same number of Series D Shares as the number of shares of Common Stock for which the Common Stock Warrants surrendered for cancellation were exercisable. For the avoidance of doubt, Schedule A hereto also sets forth the number of shares of Common Stock purchasable under the Common Stock Warrants to be surrendered by each Investor.

Section 1.2 Closing. The consummation of purchase and sale of the Series D Shares and the issuance of the Series D Warrants (the " Closing ") shall take place at the offices of the Company, located at 5215 West Laurel Street, Tampa, Florida, on January 24, 2007, or at such other time and place as the Company and the Investors acquiring in the aggregate a majority of the Series D Shares sold pursuant to this Agreement agree upon orally or in writing (as applicable, the " Closing Date "). At the Closing, or as soon as practicable thereafter, the Company shall deliver to each Investor a certificate representing the Series D Shares, the Series D-1 Warrant, and the Series D-2 Warrant that such Investor is purchasing or acquiring against payment of the purchase price therefore by check, wire transfer, or any combination thereof. Payment by official bank check may be delivered to Odyssey Marine Exploration, Inc. 5215 West Laurel Street, Tampa, Florida 33607, or payment may be made by wire transfer of immediately available funds to:

The Bank of Tampa
4355 Henderson Boulevard
Tampa, Florida 33629
ABA# 063108680
For the account of Odyssey Marine Exploration, Inc.
Account Number: 31413706

Article 2
Representations and Warranties of the Company

The Company hereby represents and warrants to the Investors as follows:

Section 2.1 Organization. The Company is duly organized, validly existing, and in good standing under the laws of the State of Nevada. The Company and each of its Subsidiaries (as defined in Rule 405 under the Securities Act of 1933, as amended (the " Securities Act ")) has full power and authority to own, operate and occupy its properties and to conduct its business as presently conducted and as described in the documents filed by the Company under the Securities Exchange Act of 1934, as amended (the " Exchange Act "), including, without limitation, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, June 30, and September 30, 2006, the Company's Proxy Statement on Schedule 14A for the Annual Meeting of Shareholders held May 5, 2006, and the Company's Current Reports on Form 8-K, if any, since January 1, 2006 (collectively, the " Exchange Act Documents "), and is registered or

qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the location of the properties owned or leased by it requires such qualification and where the failure to be so qualified would have a material adverse effect upon the condition (financial or otherwise), earnings, business or business prospects, properties or operations of the Company and its Subsidiaries, considered as one enterprise (a " Material Adverse Effect "), and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

Section 2.2 Due Authorization and Valid Issuance. The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and the Series D Warrants (the " Transaction Documents "), and the Transaction Documents have been duly authorized and validly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as rights to indemnity and contribution may be limited by state or federal securities laws or the public policy underlying such laws, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally, and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Series D Shares and the Series D Warrants have been duly authorized and, upon issuance in accordance with the terms of this Agreement, shall be validly issued and free from all taxes, liens and charges with respect to the issue thereof, and the Series D Shares shall be fully paid and nonassessable. As of the Closing Date, the Company shall have duly authorized and reserved for issuance a number of shares of Common Stock which equals the number of Conversion Shares. Upon conversion in accordance with the Amended Certificate of Designation, the Conversion Shares will be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock.

Section 2.3 Non-Contravention. The execution and delivery of this Agreement, the issuance and sale of the Series D Shares and the Series D Warrants under this Agreement, the fulfillment of the terms of this Agreement and the consummation of the transactions contemplated hereby will not (a) conflict with or constitute a violation of, or default (with the passage of time or otherwise) under, (i) any material bond, debenture, note or other evidence of indebtedness, lease, contract, indenture, mortgage, deed of trust, loan agreement, joint venture or other agreement or instrument to which the Company or any Subsidiary is a party or by which it or any of its Subsidiaries or their respective properties are bound, (ii) the articles of incorporation, bylaws or other organizational documents of the Company or any Subsidiary, or (iii) any law, administrative regulation, ordinance or order of any court or governmental agency, arbitration panel or authority applicable to the Company or any Subsidiary or their respective properties, except in the case of clauses (i) and (iii) for any such conflicts, violations or defaults which are not reasonably likely to have a Material Adverse Effect, or (b) result in the creation or imposition of any lien, encumbrance, claim, security interest or restriction whatsoever upon any of the material properties or assets of the Company or any Subsidiary or an acceleration of indebtedness pursuant to any obligation, agreement or condition contained in any material bond, debenture, note or any other evidence of indebtedness or any material indenture, mortgage, deed of trust or any other agreement or instrument to which the Company or any Subsidiary is a party or by which any of them is bound or to which any of the material property or assets of the Company or any Subsidiary is subject. No consent, approval, authorization or other order of, or registration, qualification or filing with, any regulatory body, administrative agency, or other governmental body in the United States or any other person is required for the execution and delivery of this Agreement, the valid issuance and sale of the Series D Shares to be sold pursuant to this Agreement, and the valid issuance of the Series D Warrants to be issued pursuant to this Agreement, other than such as have been made or obtained, and except for any post-closing securities filings or notifications required to be made under federal or state securities laws or under the rules of American Stock Exchange.

Section 2.4 Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of (a) 100,000,000 shares of Common Stock, of which as of the date of this Agreement, 46,785,254 shares are issued and outstanding, 4,033,345 shares are reserved for issuance pursuant to the Company's employee incentive plan or plans, and 5,870,000 shares are reserved for issuance pursuant to securities (other than the Series D Shares and the Series D Warrants to be issued and sold pursuant to this Agreement) exercisable or exchangeable for, or convertible into, shares of Common Stock, and (b) 9,300,000 shares of preferred stock, of which 2,500,000 shares have been designated as Series D Shares, all of which Series D Shares are issued and outstanding as of the date of this Agreement (without giving effect to the issuance and sale of the Series D Shares pursuant to this Agreement). All of such outstanding shares have been, or upon issuance will be, validly issued and are fully paid and nonassessable. Except as disclosed in the Exchange Act Documents: (a) no shares of the Company's capital stock are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company; (b) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company or any of its Subsidiaries; (c) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound; (d) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the Securities Act except pursuant to this Agreement and as disclosed on Exhibit C attached hereto; (e) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (f) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Series D Shares, the Series D Warrants or the Conversion Shares; (g) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement; and (h) the Company and its Subsidiaries have no liabilities or obligations required to be disclosed in the Exchange Act Documents but not so disclosed in the Exchange Act Documents, other than those incurred in the ordinary course of the Company's or any Subsidiary's respective businesses and which, individually or in the aggregate, do not or would not have a Material Adverse Effect.

Section 2.5 Legal Proceedings. There is no material legal or governmental proceeding pending or, to the knowledge of the Company, threatened to which the Company or any Subsidiary is or may be a party or of which the business or property of the Company or any Subsidiary is subject that is not disclosed in the Exchange Act Documents.

Section 2.6 No Violations. Neither the Company nor any Subsidiary is in violation of its articles of incorporation, bylaws, or other organizational document, or in violation of any law, administrative regulation, ordinance or order of any court or governmental agency, arbitration panel or authority applicable to the Company or any Subsidiary, which violation, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect, or is in default (and there exists no condition which, with the passage of time or otherwise, would constitute a default) in any material respect in the performance of any bond, debenture, note or any other

evidence of indebtedness in any indenture, mortgage, deed of trust or any other material agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or by which the properties of the Company or any Subsidiary are bound, which would be reasonably likely to have a Material Adverse Effect.

Section 2.7 Governmental Permits, Etc. With the exception of the matters which are dealt with separately in Sections 2.1, 2.12, 2.13, and 2.14, each of the Company and its Subsidiaries has all necessary franchises, licenses, certificates and other authorizations from any foreign, federal, state or local government or governmental agency, department, or body that are currently necessary for the operation of the business of the Company and its Subsidiaries as currently conducted and as described in the Exchange Act Documents, except where the failure to currently possess such franchises, licenses, certificates or other authorizations would not reasonably be expected to have a Material Adverse Effect.

Section 2.8 Intellectual Property. Except as specifically disclosed in the Exchange Act Documents (a) each of the Company and its Subsidiaries owns or possesses sufficient rights to use all material patents, patent rights, trademarks, copyrights, licenses, inventions, trade secrets, trade names and know-how (collectively, " Intellectual Property ") described or referred to in the Exchange Act Documents as owned or possessed by it or that are necessary for the conduct of its business as now conducted or as proposed to be conducted as described in the Exchange Act Documents except where the failure to currently own or possess such rights would not have a Material Adverse Effect, (b) neither the Company nor any of its Subsidiaries is infringing, or has received any notice of, or has any knowledge of, any asserted infringement by the Company or any of its Subsidiaries of, any rights of a third party with respect to any Intellectual Property that, individually or in the aggregate, would have a Material Adverse Effect and (c) neither the Company nor any of its Subsidiaries has received any notice of, or has any knowledge of, infringement by a third party with respect to any Intellectual Property rights of the Company or of any Subsidiary that, individually or in the aggregate, would have a Material Adverse Effect.

Section 2.9 Exchange Act Documents; Financial Statements. As of their respective dates, the Exchange Act Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of United States Securities and Exchange Commission (the " SEC ") promulgated thereunder applicable to the Exchange Act Documents, and none of the Exchange Act Documents, at the time they were filed or are to be filed with the SEC, contained or will contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company and the related notes contained in the Exchange Act Documents present fairly in all material respects, in accordance with generally accepted accounting principles, the financial position of the Company and its Subsidiaries as of the dates indicated, and the results of its operations and cash flows for the periods therein specified consistent with the books and records of the Company and its Subsidiaries. Such financial statements (including the related notes) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods therein specified, except as may be disclosed in the notes to such financial statements, and except as disclosed in the Exchange Act Documents. The other financial information contained in the Exchange Act Documents has been prepared on a basis consistent with the financial statements of the Company.

Section 2.10 No Material Adverse Change. Except as disclosed in the Exchange Act Documents, since December 31, 2005, there has not been (a) any material adverse change in the financial condition of the Company and its Subsidiaries considered as one enterprise, (b) any material adverse event affecting the Company or its Subsidiaries, (c) any obligation, direct or contingent, that is material to the Company and its Subsidiaries considered as one enterprise, incurred by the Company, except obligations incurred in

the ordinary course of business, (d) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any of its Subsidiaries, or (e) any loss or damage (whether or not insured) to the physical property of the Company or any of its Subsidiaries which has been sustained which has had a Material Adverse Effect.

Section 2.11 American Stock Exchange Compliance. The Common Stock is registered pursuant to Section 12(b) or Section 12(g) of the Exchange Act and is listed on American Stock Exchange (the " Principal Market "), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or de-listing the Common Stock from the Principal Market, nor, except as disclosed in the Exchange Act Documents, has the Company received any notification that the SEC or the Principal Market is contemplating terminating such registration or listing.

Section 2.12 Reporting Status. The Company has filed in a timely manner all documents that the Company was required to file under the Exchange Act during the 12 months preceding the date of this Agreement.

Section 2.13 Listing. The Company shall comply with all requirements of the Principal Market with respect to the issuance of the Series D Shares, the Series D Warrants, and the Conversion Shares and the listing of the Conversion Shares on the Principal Market in accordance with the terms of the Amended Certificate of Designation.

Section 2.14 No Manipulation of Stock. The Company has not taken and will not, in violation of applicable law, take any action designed to or that would reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Series D Shares.

Section 2.15 Company not an "Investment Company." The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the " Investment Company Act "). The Company is not, and immediately after receipt of payment for the Series D Shares and the Series D-1 Warrants will not be, an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act and shall conduct its business in a manner so that it will not become subject to the Investment Company Act.

Section 2.16 Foreign Corrupt Practices. Neither the Company nor, to the knowledge of the Company, any agent or other person acting on behalf of the Company has (a) directly or indirectly, used any corrupt funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (b) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (c) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (d) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

Section 2.17 Contracts. The contracts described in the Exchange Act Documents that are material to the Company are in full force and effect on the date of this Agreement, and neither the Company nor, to the Company's knowledge, any other party to such contracts is in breach of or default under any of such contracts which would have a Material Adverse Effect.

Section 2.18 Taxes. The Company has filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been or might be asserted or threatened against it which would have a Material Adverse Effect.

Section 2.19 Transfer Taxes. On the Closing Date, all stock transfer or other taxes (other than income taxes) which are required to be paid in connection with the sale and transfer of the Series D Shares to be sold to the Investors pursuant to this Agreement will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

Section 2.20 Private Offering. Assuming the accuracy and correctness of the representations and warranties of the Investors set forth in Article 3 of this Agreement, the offer and sale of the Series D Shares and the issuance of the Series D Warrants pursuant to this Agreement is exempt from registration under the Securities Act. The Company has not distributed and will not distribute prior to the Closing Date any offering material in connection with the offer and sale of the Series D Shares and the issuance of the Series D Warrants other than the documents of which this Agreement is a part or the Exchange Act Documents. The Company has not in the past nor will it hereafter take any action to sell, offer for sale or solicit offers to buy any securities of the Company which would bring the offer, issuance or sale of the Series D Shares and the issuance of the Series D Warrants, as contemplated by this Agreement, within the provisions of Section 5 of the Securities Act, unless such offer, issuance or sale was or shall be within the exemptions of Section 4 of the Securities Act.

Section 2.21 Internal Accounting and Disclosure Controls. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorizations, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset and liability accountability, (c) access to assets or incurrence of liabilities is permitted only in accordance with management's general or specific authorization and (d) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-14 under the Exchange Act) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding required disclosure.

Section 2.22 Disclosure. The representations and warranties of the Company contained in this Article 2, as of the date of this Agreement and as of the Closing Date, do not and will not intentionally contain any untrue statement of a material fact or intentionally omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Article 3
Representations and Warranties of the Investors

Each Investor, severally and not jointly, hereby represents and warrants to the Company as follows:

Section 3.1 Authorization. Such Investor has full power and authority to enter into this Agreement, and this Agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms, except as rights to indemnity and contribution may be limited by state or federal securities laws or the public policy underlying such laws, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally, and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.2 Purchase Entirely for Own Account. This Agreement is made with such Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Series D Shares and the Series D Warrants to be received by such Investor and the Conversion Shares (collectively, the " Securities ") will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, such Investor further represents that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

Section 3.3 Disclosure of Information. Such Investor believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Series D Shares and the Series D Warrants. Such Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Series D Shares, the Series D Warrants, and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Article 2 of this Agreement or the right of such Investor to rely thereon.

Section 3.4 Investment Experience. Such Investor is a sophisticated investor and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. If other than an individual, Investor also represents it has not been organized for the purpose of acquiring the Securities.

Section 3.5 Accredited Investor. Such Investor is an "accredited investor" within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

Section 3.6 Restricted Securities. Such Investor understands that the Securities will be characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act, only in certain limited circumstances. In this connection, such Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

Section 3.7 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) there is then in effect a Registration Statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(b) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and, if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Securities Act.

Section 3.8 Certain Transactions. Such Investor has not, during the 10 days prior to the date of this Agreement, directly or indirectly traded in the Common Stock or established any hedge or other position in the Common Stock that is outstanding on the Closing Date and that is designed to or could reasonably be expected to lead to or result in a direct or indirect sale, offer to sell, solicitation of offers to buy, disposition of, loan, pledge or grant of any right with respect to the Common Stock by such Investor or any other person or entity. Such prohibited hedging or other transactions would include, without limitation, effecting any short sale or having in effect any short position (whether or not such sale or position is against the box and regardless of when such position was entered into) or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to the Common Stock or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Common Stock.

Section 3.9 Legend. Such Investor acknowledges and agrees that the certificates evidencing the Securities may bear the following legend:

> **These securities have not been registered under the Securities Act of 1933, as amended. They may not be sold, offered for sale, pledged or hypothecated in the absence of a registration statement in effect with respect to the securities under such Act or an opinion of counsel satisfactory to the Company that such registration is not required or unless sold pursuant to Rule 144 of such Act.**

The legend set forth above shall be removed and the Company shall issue a certificate or other instruments without such legend to the holder of the Securities upon which it is stamped, if, unless otherwise required by state securities laws or regulations, (i) such Securities are registered for resale under the Securities Act, (ii) in connection with a sale, assignment or other transfer, such holder provides the Company with an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such sale, assignment or transfer of the Securities may be made without registration under the applicable requirements of the Securities Act, or (iii) such holder provides the Company with an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that the Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A.

Section 3.10 Exculpation Among Investors. Such Investor acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Such Investor agrees that no Investor nor the respective controlling persons, officers, directors, partners, agents, or employees of any Investor shall be liable to any other Investor for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the issuance and purchase of the Series D Shares and the Series D Warrants.

Section 3.11 Further Representations by Foreign Investors. If an Investor is not a United States person, such Investor hereby represents that he or she has satisfied himself or herself as to the full observance of the laws of his or her jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including (a) the legal requirements within his jurisdiction for the purchase of the Securities, (b) any foreign exchange restrictions applicable to such purchase, (c) any governmental or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, that may be relevant to the

purchase, holding, redemption, sale, or transfer of the Securities. Such Investor's subscription and payment for, and his or her continued beneficial ownership of the Securities, will not violate any applicable securities or other laws of his or her jurisdiction.

Article 4
Conditions to the Investors' Obligations at Closing

The obligations of each Investor under subsection 1.1(c) of this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent thereto:

Section 4.1 Representations and Warranties. The representations and warranties of the Company contained in Article 2 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

Section 4.2 Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

Section 4.3 Compliance Certificate. The President or other appropriate officer of the Company shall deliver to the Investors at the Closing a certificate stating that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

Section 4.4 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance, sale and purchase of the Series D Shares and the Series D Warrants pursuant to this Agreement shall be duly obtained and effective as of the Closing.

Section 4.5 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Investors, and they shall have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

Article 5
Conditions to the Company's Obligations at Closing

The obligations of the Company to each Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by that Investor:

Section 5.1 Representations and Warranties. The representations and warranties of the Investors contained in Article 3 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

Section 5.2 Payment of Purchase Price. The Investors shall have delivered the Series D Purchase Price specified in Section 1.1(c).

Section 5.3 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance, sale and purchase of the Series D Shares and the Series D Warrants pursuant to this Agreement shall be duly obtained and effective as of the Closing.

Article 6
Registration Rights

Section 6.1 Certain Definitions. For purposes of this Article 6:

(a) The term " Effectiveness Deadline " means the date which is (i) in the event that the Registration Statement is not subject to a full review by the SEC, ninety (90) calendar days after the earlier of the Filing Date and the Filing Deadline (each as defined below) or (ii) in the event that the Registration Statement is subject to a full review by the SEC, one hundred and twenty (120) calendar days after the Filing Date.

(b) The term " Filing Date " means the date the Registration Statement is filed with the SEC.

(c) The term " Filing Deadline " means the date which is the earlier of (i) twenty (20) calendar days after the Company files its Annual Report on Form 10-K for the year ended December 31, 2006 and (ii) ninety (90) calendar days after the Closing Date.

(d) The term " Form S-3 " means such form under the Securities Act as in effect on the date of this Agreement or any registration form under the Securities Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(e) The term " Holder " means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 6.9 of this Agreement.

(f) The terms " register ," " registered ," and " registration " refer to a registration effected by preparing and filing a Registration Statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such Registration Statement or document.

(g) The term " Registrable Securities " means (i) the Conversion Shares, but only to the extent that such Conversion Shares are issuable upon the conversion of Series D Shares that are issued and outstanding at the applicable time, and (ii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the Conversion Shares.

(h) The number of shares of " Registrable Securities " outstanding shall be determined by the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(i) The term " Registration Statement " means the registration statement that is filed with the SEC pursuant to the provisions of this Article 6.

(j) The term " Rule 144 " shall mean Rule 144 under the Securities Act.

(k) The term " Rule 144(k) " shall mean subsection (k) of Rule 144 under the Securities Act.

Section 6.2 Registration.

(a) The Company shall prepare, and, as soon as practicable but in no event later than the Filing Deadline, file with the SEC the Registration Statement on Form S-3 covering the resale of all of the Registrable Securities. In the event that Form S-3 is unavailable for such a registration, the Company shall use such other form as is available for such a registration on another appropriate form reasonably acceptable to the Required Holders, subject to the provisions of Section 6.2(c).

(b) **Allocation of Registrable Securities .** The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor at the time the Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement without the prior written consent of the Required Holders.

(c) **Ineligibility for Form S-3 .** In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

Section 6.3 Obligations of the Company. Whenever required under this Article 6 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of (i) the date as of which the Investors may sell all of the Registrable Securities covered by such Registration Statement without restriction pursuant to Rule 144(k) (or any successor thereto) promulgated under the Securities Act or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the " Registration Period ");

(b) ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading;

(c) permit the Investors to review and comment upon (i) a Registration Statement at least five (5) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to all Registration Statements (except for Annual Reports on Form 10-K, and Reports on Form 10-Q and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which an Investor reasonably objects;

(d) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement;

(e) furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(f) use all commercially reasonable efforts to register and qualify the securities covered by such Registration Statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(g) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

(h) notify each Holder of Registrable Securities covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(i) cause all such Registrable Securities registered pursuant to this Article 6 to be listed on a national exchange or trading system and on each securities exchange and trading system on which similar securities issued by the Company are then listed.

Notwithstanding the provisions of this Article 6, the Company shall be entitled to postpone or suspend, for a period of time (each such period, a " Grace Period "), the filing, effectiveness or use of, or trading under, any Registration Statement if the Company shall determine that any such filing or the sale of any securities pursuant to such Registration Statement would in the good faith judgment of the Board of Directors of the Company:

(i) materially impede, delay or interfere with any material pending or proposed financing, acquisition, corporate reorganization, or other similar transaction involving the Company for which the Board of Directors of the Company has authorized negotiations;

(ii) materially and adversely impair the consummation of any pending or proposed material offering or sale of any class of securities by the Company; or

(iii) require disclosure of material nonpublic information that, if disclosed at such time, would be materially harmful to the interests of the Company and its shareholders; *provided, however,* that during any such period all executive officers and directors of the Company are also prohibited from selling securities of the Company (or any security of any of the Company's subsidiaries or affiliates).

No Grace Period shall exceed fifteen (15) consecutive days and during any three hundred sixty five (365) day period such Grace Periods shall not exceed an aggregate of forty-five days and the first day of any Grace Period must be at least five (5) trading days after the last day of any prior Grace Period.

Section 6.4 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Article 6 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

Section 6.5 Expenses of Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 6.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company shall be borne by the Company.

Section 6.6 [Intentionally Omitted]

Section 6.7 Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Article 6:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, officers, directors and shareholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act, any state securities laws or any rule or regulation promulgated under the Securities Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a " Violation "): (i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) any breach of any covenant, agreement or obligation of the Company contained in herein or any other certificate, instrument or document contemplated hereby or thereby (iii) the omission or alleged omission to state in such Registration Statement a material fact required to be stated therein, or necessary to make the statements therein not misleading or (iv) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities laws or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities laws, and the Company will reimburse each such Holder, underwriter, controlling person or other aforementioned person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; *provided, however*, that the indemnity agreement contained in this Section 6.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the Registration Statement, each person, if any, who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such Registration Statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or

liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act, any state securities laws or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any person intended to be indemnified pursuant to this Section 6.7 (b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; *provided, however,* that the indemnity agreement contained in this Section 6.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), and provided that in no event shall any indemnity under this Section 6.7(b) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 6.7 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 6.7, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however,* that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 6.7, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 6.7.

(d) If the indemnification provided for in this Section 6.7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; *provided, however,* that no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 6.7(b), shall exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and Holders under this Section 6.7 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Article 6 and otherwise.

Section 6.8 Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to avail any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

Section 6.9 Assignment of Registration Rights. The rights under this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of this Agreement.

Section 6.10 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Article 6 (a) after the Registration Period.

Article 7
Miscellaneous

Section 7.1 Survival of Warranties. The warranties, representations and covenants of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors or the Company.

Section 7.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

Section 7.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida without reference to principles of choice or conflict of law thereunder.

Section 7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

Section 7.6 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at 5215 West Laurel Street, Tampa, Florida 33607 (Facsimile 813-876-1777) and to the respective Investors at the addresses set forth Schedule A attached hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 7.6).

Section 7.7 Finder's Fee. Each party represents that it neither is nor will be obligated for any finders' fee or commission in connection with this transaction. Each Investor agrees to indemnify and to hold harmless the Company, and the Company agrees to indemnify and hold harmless each Investor, from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, partners, employees, or representatives is responsible.

Section 7.8 Expenses. Except as contemplated by Section 6.5, each of the parties to this Agreement shall bear its own expenses in connection with this Agreement and the transactions contemplated by this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or the Amended Certificate of Designation, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

Section 7.9 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Conversion Shares issued or issuable upon conversion of the Series D Shares purchased hereunder. Any amendment or waiver effected in accordance with this section shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities are convertible), each future holder of all such securities, and the Company.

Section 7.10 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

Section 7.11 Aggregation of Stock. All shares of the Series D Preferred Stock held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement. For purposes of Article 6, all shares of Registrable Securities held or acquired by affiliated entities (including affiliated venture capital funds) or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

Section 7.12 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

Section 7.13 Independent Nature of Buyers' Obligations and Rights. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investor as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investor are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor confirms that it has independently participated in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ODYSSEY MARINE EXPLORATION, INC.

By: _____

Name: _____

Title: _____

GLG NORTH AMERICAN OPPORTUNITY FUND
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

GLG INVESTMENTS PLC
Sub-Fund: GLG Capital Appreciation Fund
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

GLG INVESTMENTS IV PLC
Sub-Fund: GLG Capital Appreciation (Distributing) Fund
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

GLG INVESTMENTS PLC
Sub-Fund: GLG Balanced Fund
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

GLG INVESTMENTS PLC
Sub-Fund: GLG North American Equity Fund
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

PLÉIADE SICAV
Sub-Fund: Pléiade Actions Amérique du Nord
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

THE CENTURY FUND SICAV
By: GLG Partners, LP, Investment Manager

By: _____

Print Name: _____

Title: _____

DRAWBRIDGE GLOBAL MACRO MASTER FUND LTD.

By: _____

Print Name: _____

Title: _____

SCHEDULE A
Schedule of Investors

Name and Address	Number of Series D Shares Purchased	Total Purchase Price	Number of Series D Shares For Which Series D-1 Warrant Exercisable
GLG NORTH AMERICAN OPPORTUNITY FUND	600,000	$ 1,800,000.00	120,000
GLG INVESTMENTS PLC **Sub-Fund: GLG Capital Appreciation Fund**	141,000	$ 423,000.00	28,200
GLG INVESTMENTS IV PLC **Sub-Fund: GLG Capital Appreciation (Distributing) Fund**	75,000	$ 225,000.00	15,000
GLG INVESTMENTS PLC **Sub-Fund: GLG Balanced Fund**	10,000	$ 30,000.00	2,000
GLG INVESTMENTS PLC **Sub-Fund: GLG North American Equity Fund**	135,000	$ 405,000.00	27,000
PLÉIADE SICAV **Sub-Fund: Pléiade Actions Amérique du Nord**	12,000	$ 36,000.00	2,400
THE CENTURY FUND SICAV	27,000	$ 81,000.00	5,400

GLG NORTH AMERICAN OPPORTUNITY FUND
Number of Shares of Common Stock Purchasable Under Common Stock Warrants Surrendered: 1,000,000

Contact Information for All Entities:

c/o GLG Partners LP
Attention: Gitesh Parmar
One Curzon Street
London W1J 5HB
United Kingdom
Phone: +44 20 7016 7000
Fax: +44 20 7016 7200

SCHEDULE A
Schedule of Investors (Continued)

Name and Address	Number of Series D Shares Purchased	Total Purchase Price	Number of Series D Shares For Which Series D-1 Warrant Exercisable
DRAWBRIDGE GLOBAL MACRO MASTER FUND LTD.	1,200,000	$ 3,600,000.00	240,000

DRAWBRIDGE GLOBAL MACRO MASTER FUND LTD
Number of Shares of Common Stock
Purchasable Under Common Stock Warrants Surrendered: 1,200,000

Contact Information for Drawbridge Global Macro Master Fund

Jaime Mendez
Goldman Sachs
Global Securities Services – Prime Brokerage
One New York Plaza, 44 th Floor
New York, NY 10004

Tel: (212) 367-9328

EXHIBIT A
Amended Certificate of Designation

See attached Amended Certificate of Designation.

EXHIBIT B-1
Form of Series D-1 Warrant

See attached Form of Series D-1 Warrant.

EXHIBIT B-2
Form of Series D-2 Warrant

See attached Form of Series D-2 Warrant.

EXHIBIT C
Registration Rights

- In March 2006, the Company issued and sold an aggregate of 2,500,000 shares of its Series D Convertible Preferred Stock to five funds controlled by two institutional investors. Pursuant to Article 6 of the Series D Convertible Preferred Stock Purchase Agreement dated as of March 13, 2006, among the Company and the holders of the Series D Convertible Preferred Stock, such holders are entitled to request that the Company prepare and file a registration statement relating to the offer and sale of the Company's common stock issuable upon exercise of the Series D Convertible Preferred Stock. As of the date of this Agreement, such holders have not requested registration of such shares.
- In November 2006, the Company issued and sold an aggregate of 500,000 shares of common stock and warrants to purchase an aggregate of 100,000 shares of common stock to three investors. Pursuant to Section 7 of the Terms and Conditions relating to the Securities Purchase Agreements dated November 22, 2006, between the Company and the investors, the Company agreed to prepare and file a registration statement relating to the offer and sale of the shares of common stock sold to the investors and the shares of common stock issuable upon exercise of the warrants issued to the investors. The Company agreed to prepare and file such registration statement within 60 days of the completion of the transaction, or January 22, 2007.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " SECURITIES ACT "). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT.

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OF
O DYSSEY M ARINE E XPLORATION , I NC .

Warrant Number: D1-012407-01 **Void After January 24, 2009**

THIS WARRANT is issued to **LBPB NOMINEES LTD. FOR THE BENEFIT OF GLG NORTH AMERICAN OPPORTUNITY FUND** (the " Holder "), by **ODYSSEY MARINE EXPLORATION, INC.** , a Nevada corporation (the " Company "), on January 24, 2007 (the " Warrant Issue Date "). This Warrant is issued pursuant to the Series D Convertible Preferred Stock Purchase Agreement of even date herewith (the " Purchase Agreement ") between the Holder and the Company.

Section 1. Purchase of Series D Shares.

(a) **Number of Series D Shares.** Subject to the terms and conditions hereinafter set forth and set forth in the Purchase Agreement, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the holder hereof in writing), to purchase from the Company up to **120,000** fully paid and nonassessable shares of Series D Convertible Preferred Stock, par value $0.0001 per share, of the Company.

(b) **Exercise Price.** The exercise price for the shares of Series D Convertible Preferred Stock issuable pursuant to this Section 1 (the " Series D Shares ") shall be $4.00 per share (the " Exercise Price "). The Series D Shares and the Exercise Price shall be subject to adjustment pursuant to Section 5 hereof.

Section 2. Exercise Period. This Warrant shall become exercisable, in whole or in part (but not for an amount less than 25% of the number of Series D Shares for which this Warrant is initially exercisable), commencing on the Warrant Issue Date and ending at 5:00 p.m. (Eastern Time) on January 24, 2009 (the " Expiration Date "); *provided , however ,* that in the event of (a) the closing of the Company's sale or transfer of all or substantially all of its assets, or (b) the closing of the acquisition of the Company by another entity by means of merger, consolidation or other transaction or series of related transactions, resulting in the exchange of the outstanding shares of the Company's capital stock such that the stockholders of the Company prior to such transaction own, directly

or indirectly, less than 50% of the voting power of the surviving entity, this Warrant shall, on the date of such event, no longer be exercisable and become null and void. In the event of a proposed transaction of the kind described above, the Company shall notify the Holder at least fifteen (15) days prior to the consummation of such event or transaction.

Section 3. Method of Exercise.

(a) Mechanics of Exercise . While this Warrant remains outstanding and exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby by (i) delivery of a written notice, in the form attached hereto as Appendix A (the " Exercise Notice "), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Series D Shares as to which this Warrant is being exercised (the " Aggregate Exercise Price ") in cash or wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Series D Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Series D Shares.

(b) As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within three (3) business days thereafter, the Company at its expense will cause to be issued in the name of, and delivered to, the Holder, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct:

(i) a certificate or certificates for the number of Series D Shares to which such Holder shall be entitled, and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of Series D Shares equal to the number of such Series D Shares described in this Warrant minus the number of such Series D Shares purchased by the Holder upon all exercises made in accordance with Section 3(a) above.

Section 4. Issuance of Series D Shares. The Company covenants that the Series D Shares, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

Section 5. Adjustment of Exercise Price and Number of Series D Shares. The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) **Subdivisions, Combinations and Other Issuances.** If the Company shall at any time prior to the expiration of this Warrant subdivide its Series D Convertible Preferred Stock, by split-up or otherwise, or combine its Series D Convertible Preferred Stock, or issue additional shares of its Series D Convertible Preferred Stock as a dividend with respect to any shares of its Series D Convertible Preferred Stock, the number of Series D Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall

also be made to the purchase price payable per Series D Share, but the aggregate purchase price payable for the total number of Series D Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 5(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) **Reclassification, Reorganization and Consolidation.** In case of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 5(a) above), then, as a condition of such reclassification, reorganization, or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number and type of securities as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the purchase price per share payable hereunder, provided the aggregate purchase price shall remain the same.

(c) **Notice of Adjustment.** When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of the Warrant, or in the Exercise Price, the Company shall promptly notify the holder of such event and of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of this Warrant.

Section 6. Fundamental Transactions.

(a) In the event of a Fundamental Transaction (as defined below) other than one in which the Successor Entity (as defined below) is a Public Successor Entity (as defined below) that assumes this Warrant such that this Warrant shall be exercisable for the publicly traded common stock of such Public Successor Entity, at the request of the Holder delivered before the 90th day after such Fundamental Transaction, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) business days after such request (or, if later, on the effective date of the Fundamental Transaction), cash in an amount equal to the value of the remaining unexercised portion of this Warrant on the date of such consummation, which value shall be determined by use of the Black Scholes Option Pricing Model using a volatility equal to the 100-day average historical price volatility prior to the date of the public announcement of such Fundamental Transaction.

(b) For the purpose of this Section 6:

(i) " Eligible Market " means The NASDAQ Global Market, The New York Stock Exchange, Inc., The NASDAQ Global Select Market, The NASDAQ Capital Market, or the American Stock Exchange.

(ii) " Fundamental Transaction " means that the (A) Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person or Persons, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, or (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme or arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), or (v) reorganize, recapitalize or reclassify its Common Stock, or (B) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate Common Stock of the Company.

(iii) " Parent Entity " of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(iv) " Public Successor Entity " means a Successor Entity that is a publicly traded corporation whose stock is quoted or listed for trading on an Eligible Market.

(v) " Successor Entity " means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

Section 7. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the Exercise Price then in effect.

Section 8. No Stockholder Rights. Prior to exercise of this Warrant, the Holder shall not be entitled to any rights of a stockholder with respect to the Series D Shares, including (without limitation) the right to vote such Series D Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of stockholder meetings, and, except as set forth in

the Purchase Agreement, such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. However, nothing in this Section 8 shall limit the right of the Holder to be provided any notices required under this Warrant.

Section 9. Registration . The Series D Shares issuable upon exercise of this Warrant are subject to certain registration rights set forth in the Purchase Agreement.

Section 10. Transfers of Warrant. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company; *provided, however,* that this Warrant and the rights hereunder are transferable in whole or in part by the Holder only to a person or entity that is an "accredited investor" (as such term is defined in Rule 501(a) under the Securities Act).

Section 11. Successors and Assigns. The terms and provisions of this Warrant and the Purchase Agreement shall inure to the benefit of, and be binding upon, the Company, the Holder and their respective successors and permitted assigns.

Section 12. Amendments and Waivers. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

Section 13. Notices . All notices required under this Warrant and shall be deemed to have been given or made for all purposes (i) upon personal delivery, (ii) upon confirmation receipt that the communication was successfully sent to the applicable number if sent by facsimile; (iii) one day after being sent, when sent by professional overnight courier service, or (iv) five days after posting when sent by registered or certified mail. Notices to the Company shall be sent to the principal office of the Company (or at such other place as the Company shall notify the Holder in writing). Notices to the Holder shall be sent to the address of the Holder on the books of the Company (or at such other place as the Holder shall notify the Company hereof in writing).

Section 14. Captions . The section and subsection headings of this Warrant are inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

Section 15. Governing Law; Venue. This Warrant shall be governed by, and construed in accordance with, the internal laws of the State of Florida. All actions or proceedings, directly or indirectly, arising out of or related to this Agreement or contesting the validity or applicability of this Agreement shall be litigated exclusively in the Circuit Court in and for Hillsborough County, Florida, or the United States District Court for the Middle District of Florida, Tampa Division.

[Signatures on following page.]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on its behalf, in its corporate name, by an officer thereunto duly authorized.

ODYSSEY MARINE EXPLORATION, INC.

By: _____
John C. Morris, President

By: _____
David A. Morris, Secretary

SCHEDULE OF OTHER PARTIES SIMILAR AGREEMENTS

Warrant Name	Warrant Number	Warrant Amount
LBPB Nominees Ltd. For The Benefit Of GLG North American Opportunity Fund	D1-012207-01	**120,000**
Hare And Co., For The Benefit Of GLG Investments Plc, Sub-Fund: GLG Capital Appreciation Fund	D1-012207-02	**28,200**
Hare And Co., For The Benefit Of GLG Investments IV Plc, Sub-Fund: GLG Capital Appreciation (Distributing) Fund	D1-012207-03	**15,000**
Hare And Co., For The Benefit Of GLG Investments Plc, Sub-Fund: GLG Balanced Fund	D1-012207-04	**2,000**
Hare And Co., For The Benefit Of GLG Investments Plc, Sub-Fund: GLG North American Equity Fund	D1-012207-05	**27,000**
Fortis Banque Luxembourg S.A., For The Benefit Of Pléiade SicaV Sub-Fund: Pléiade Actions Amérique Du Nord	D1-012207-06	**2,400**
Cudd & Co., For The Benefit Of The Century Fund Sicav	D1-012207-07	**5,400**
Drawbridge Global Macro Master Fund Ltd	D1-012207-08	**240,000**

APPENDIX A

NOTICE OF EXERCISE

To: Odyssey Marine Exploration, Inc.

1. The Holder of Warrant number D1-012407-01 dated January 24, 2007, hereby elects to purchase _____shares of Series D Convertible Preferred Stock by the exercise of said Warrant at an exercise price of $4.00 per share.

2. Payment of Exercise Price. The holder shall pay the Aggregate Exercise Price in the sum of $ _____to the Company in accordance with the terms of the Warrant.

3. The undersigned hereby represents and warrants that the undersigned is acquiring such shares for its own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

WARRANT HOLDER:

_____

By: _____

Address: _____

_____

_____

Date: _____

Name in which shares should be registered:

_____

_____

_____

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " SECURITIES ACT "). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT.

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O DYSSEY M ARINE E XPLORATION , I NC .

Warrant Number: D2-012407-01 **Void After May 15, 2007**

THIS WARRANT is issued to **LBPB NOMINEES LTD., FOR THE BENEFIT OF GLG NORTH AMERICAN OPPORTUNITY FUND,** (the " Holder "), by **ODYSSEY MARINE EXPLORATION, INC.** , a Nevada corporation (the " Company "), on January 24, 2007 (the " Warrant Issue Date "). This Warrant is issued pursuant to the Series D Convertible Preferred Stock Purchase Agreement of even date herewith (the " Purchase Agreement ") between the Holder and the Company.

Section 1. Purchase of Series D Shares.

(a) **Number of Series D Shares.** Subject to the terms and conditions hereinafter set forth and set forth in the Purchase Agreement, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the holder hereof in writing), to purchase from the Company up to **1,000,000** fully paid and nonassessable shares of Series D Convertible Preferred Stock, par value $0.0001 per share, of the Company.

(b) **Exercise Price.** The exercise price for the shares of Series D Convertible Preferred Stock issuable pursuant to this Section 1 (the " Series D Shares ") shall be $3.50 per share (the " Exercise Price "). The Series D Shares and the Exercise Price shall be subject to adjustment pursuant to Section 5 hereof.

Section 2 . ***Exercise Period.*** This Warrant shall become exercisable, in whole or in part (but not for an amount less than 25% of the number of Series D Shares for which this Warrant is initially exercisable), commencing on the Warrant Issue Date and ending at 5:00 p.m. (Eastern Time) on May 15, 2007 (the " Expiration Date "); *provided* , *however* , that in the event of (a) the closing of the Company's sale or transfer of all or substantially all of its assets, or (b) the closing of the acquisition of the Company by another entity by means of merger, consolidation or other transaction or series of related transactions, resulting in the exchange of the outstanding shares of the Company's capital stock such that the stockholders of the Company prior to such transaction own, directly

or indirectly, less than 50% of the voting power of the surviving entity, this Warrant shall, on the date of such event, no longer be exercisable and become null and void. In the event of a proposed transaction of the kind described above, the Company shall notify the Holder at least fifteen (15) days prior to the consummation of such event or transaction.

Section 3. Method of Exercise.

(a) Mechanics of Exercise . While this Warrant remains outstanding and exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby by (i) delivery of a written notice, in the form attached hereto as Appendix A (the " Exercise Notice "), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Series D Shares as to which this Warrant is being exercised (the " Aggregate Exercise Price ") in cash or wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Series D Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Series D Shares.

(b) As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within three (3) business days thereafter, the Company at its expense will cause to be issued in the name of, and delivered to, the Holder, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct:

(i) a certificate or certificates for the number of Series D Shares to which such Holder shall be entitled, and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of Series D Shares equal to the number of such Series D Shares described in this Warrant minus the number of such Series D Shares purchased by the Holder upon all exercises made in accordance with Section 3(a) above.

Section 4 . ***Issuance of Series D Shares.*** The Company covenants that the Series D Shares, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

Section 5 . ***Adjustment of Exercise Price and Number of Series D Shares.*** The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) **Subdivisions, Combinations and Other Issuances.** If the Company shall at any time prior to the expiration of this Warrant subdivide its Series D Convertible Preferred Stock, by split-up or otherwise, or combine its Series D Convertible Preferred Stock, or issue additional shares of its Series D Convertible Preferred Stock as a dividend with respect to any shares of its Series D Convertible Preferred Stock, the number of Series D Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall

also be made to the purchase price payable per Series D Share, but the aggregate purchase price payable for the total number of Series D Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 5(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) **Reclassification, Reorganization and Consolidation.** In case of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 5(a) above), then, as a condition of such reclassification, reorganization, or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number and type of securities as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the purchase price per share payable hereunder, provided the aggregate purchase price shall remain the same.

(c) **Notice of Adjustment.** When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of the Warrant, or in the Exercise Price, the Company shall promptly notify the holder of such event and of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of this Warrant.

Section 6. Fundamental Transactions.

(d) In the event of a Fundamental Transaction (as defined below) other than one in which the Successor Entity (as defined below) is a Public Successor Entity (as defined below) that assumes this Warrant such that this Warrant shall be exercisable for the publicly traded common stock of such Public Successor Entity, at the request of the Holder delivered before the 90th day after such Fundamental Transaction, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) business days after such request (or, if later, on the effective date of the Fundamental Transaction), cash in an amount equal to the value of the remaining unexercised portion of this Warrant on the date of such consummation, which value shall be determined by use of the Black Scholes Option Pricing Model using a volatility equal to the 100-day average historical price volatility prior to the date of the public announcement of such Fundamental Transaction.

(e) For the purpose of this Section 6:

(i) " Eligible Market " means The NASDAQ Global Market, The New York Stock Exchange, Inc., The NASDAQ Global Select Market, The NASDAQ Capital Market, or the American Stock Exchange.

(ii) " Fundamental Transaction " means that the (A) Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person or Persons, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, or (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme or arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), or (v) reorganize, recapitalize or reclassify its Common Stock, or (B) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate Common Stock of the Company.

(iii) " Parent Entity " of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(iv) " Public Successor Entity " means a Successor Entity that is a publicly traded corporation whose stock is quoted or listed for trading on an Eligible Market.

(v) " Successor Entity " means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

Section 7 . ***No Fractional Shares or Scrip.*** No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the Exercise Price then in effect.

Section 8 . ***No Stockholder Rights.*** Prior to exercise of this Warrant, the Holder shall not be entitled to any rights of a stockholder with respect to the Series D Shares, including (without limitation) the right to vote such Series D Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of stockholder meetings, and, except as set forth in

the Purchase Agreement , such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. However, nothing in this Section 7 shall limit the right of the Holder to be provided any notices required under this Warrant.

Section 9. Registration . The Series D Shares issuable upon exercise of this Warrant are subject to certain registration rights set forth in the Purchase Agreement.

Section 10 . ***Transfers of Warrant.*** This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company; *provided, however,* that this Warrant and the rights hereunder are transferable in whole or in part by the Holder only to a person or entity that is an "accredited investor" (as such term is defined in Rule 501(a) under the Securities Act).

Section 11 . ***Successors and Assigns.*** The terms and provisions of this Warrant and the Purchase Agreement shall inure to the benefit of, and be binding upon, the Company, the Holder and their respective successors and permitted assigns.

Section 12 . ***Amendments and Waivers.*** Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

Section 13 . ***Notices*** . All notices required under this Warrant and shall be deemed to have been given or made for all purposes (i) upon personal delivery, (ii) upon confirmation receipt that the communication was successfully sent to the applicable number if sent by facsimile; (iii) one day after being sent, when sent by professional overnight courier service, or (iv) five days after posting when sent by registered or certified mail. Notices to the Company shall be sent to the principal office of the Company (or at such other place as the Company shall notify the Holder in writing). Notices to the Holder shall be sent to the address of the Holder on the books of the Company (or at such other place as the Holder shall notify the Company hereof in writing).

Section 14 . ***Captions*** . The section and subsection headings of this Warrant are inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

Section 15 . ***Governing Law; Venue.*** This Warrant shall be governed by, and construed in accordance with, the internal laws of the State of Florida. All actions or proceedings, directly or indirectly, arising out of or related to this Agreement or contesting the validity or applicability of this Agreement shall be litigated exclusively in the Circuit Court in and for Hillsborough County, Florida, or the United States District Court for the Middle District of Florida, Tampa Division.

[Signatures on following page.]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on its behalf, in its corporate name, by an officer thereunto duly authorized.

ODYSSEY MARINE EXPLORATION, INC.

By: _____
John C. Morris, President

By: _____
David A. Morris, Secretary

SCHEDULE OF OTHER PARTIES SIMILAR AGREEMENTS

Warrant Name	Warrant Number	Warrant Amount
LBPB Nominees Ltd., For The Benefit Of GLG North American Opportunity Fund	D2-D2-012207-01	**1,000,000**
Drawbridge Global Macro Master Fund Ltd.	D2-D2-012207-02	**1,200,000**

APPENDIX A

NOTICE OF EXERCISE

To: Odyssey Marine Exploration, Inc.

1. The Holder of Warrant number D2-012407-01 dated January 24, 2007, hereby elects to purchase _____shares of Series D Convertible Preferred Stock by the exercise of said Warrant at an exercise price of $3.50 per share.

2. Payment of Exercise Price. The holder shall pay the Aggregate Exercise Price in the sum of $ _____to the Company in accordance with the terms of the Warrant.

3. The undersigned hereby represents and warrants that the undersigned is acquiring such shares for its own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

WARRANT HOLDER:

_____

By: _____

Address: _____

_____

_____

Date: _____

Name in which shares should be registered:

_____

_____

_____

EXHIBIT 10.14

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement (the **" First Amendment "**), dated effective as of January ___, 2007 (the **" Effective Date "**), is made by and between Jackson Brewery Millhouse, L.L.C., a Louisiana limited liability company (the **" Landlord "**), and Odyssey Marine Exploration, Inc., a Nevada corporation (the **" Tenant "**)

INTRODUCTION

A. Landlord and Tenant are parties to that certain Lease Agreement (the **" Original Lease "**), dated June 1, 2005, pursuant to which Landlord leased to Tenant the Premises located on the first and third levels of the Jackson Brewery Millhouse building in New Orleans, Louisiana. Pursuant to the first paragraph of Section 3.4 of the Original Lease, Tenant exercised its option to terminate the Original Lease effective as of January 31, 2007.

B. Landlord and Tenant have agreed to extend the Term of the Original Lease on a limited basis through May 30, 2007 with respect to the portion of the Premises located on Level 3 of Landlord's Building and to reduce the monthly rent payable to $6,000.00 per month. Landlord and Tenant have also agreed to make certain other changes to the Original Lease as set forth in this First Amendment.

NOW, THEREFORE, the Original Lease is hereby amended as follows.

1. **Term and Termination Date .** The Original Lease shall be extended from January 31, 2007 and continue on a month to month basis. This First Amendment to Lease may be terminated by either party at will and without cause provided that Tenant agrees to give Landlord 30 days notice of termination of this Amendment to the Lease. Because Tenant will require time to acquire new space should Landlord terminate, Landlord agrees to give Tenant 60 days written notice of Landlord's intent to terminate.

2. **Premises .** The portion of the Premises located on Level 1 of the Landlord's Building shall be released from the Original Lease effective as of January 31, 2007. Only the portion of the Premises located on Level 3 of Landlord's Building shall remain part of the Premises after January 31, 2007.

3. **Rent .** The Rent payable by Tenant under the Lease shall remain unchanged through January 31, 2007. For the period beginning February 1, 2007 and continuing through the termination of this Lease Amendment, the monthly rental payment shall be reduced to $6,000.00 (six thousand dollars). Should this First Amendment to Lease be terminated prior to the completion of a full month, Tenant shall pay Rent on a daily prorated basis until termination.

Section 5.4 of the Original Lease shall remain in effect. Section 5.5 (pertaining to a rent credit tied to the number of paying customers) is hereby deleted effective immediately. Section 10.3 (pertaining to the Fixed Contribution to Operating Costs – Level 1) and Section 10.4 (pertaining to the Chilled Water Contribution – Level 3) are hereby deleted effective as of February 1, 2007.

4. **Operations .** Tenant shall have no obligation or right to operate a business in the Premises and any terms or obligations of the Original Lease regarding operation of a business are hereby deleted. Tenant shall use the Premises for the storage of its furniture, fixtures, equipment and other items. Section 4.5 (pertaining to Tenant's exclusive in Landlord's Building) and Section 10.5 (pertaining to parking) are hereby deleted effective immediately.

Tenant will also be able to bring guests and clients to the Premises from time to time during Landlord's normal operating hours for the purpose of displaying and demonstrating Tenant's equipment and exhibits. Tenant agrees to give Landlord twenty four hours notice of such scheduled visits.

5. **Miscellaneous .** Any provisions of the Original Lease which are inapplicable to or in conflict with the provisions herein are hereby excluded and deemed null and void. To the extent that the terms and conditions of the Original Lease are inconsistent with this First Amendment, the terms and conditions of this First Amendment shall prevail, otherwise, the Original Lease is hereby reaffirmed and shall remain in full force and effect. Capitalized terms that are not otherwise defined in this First Amendment shall have the meanings given to them in the Original Lease. The captions of the sections of this First Amendment are for convenience only and are not relevant in resolving any question of interpretation or construction of any provision of this First Amendment. This First Amendment may be executed in any number of counterparts. Each counterpart shall be deemed to be an original instrument, and all such counterparts together shall constitute but one and the same First Amendment. If for any reason any provision of this First Amendment shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this First Amendment.

Landlord and Tenant execute this First Amendment effective as of the Effective Date.

WITNESSES:

_____

_____

TENANT:

ODYSSEY MARINE EXPLORATION, INC.

By: _____

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-3, SEC File No. 333-123650, 333-117153 and 333-140166 and on Form S-8, SEC file No. 333-50325, 333-76038, 333-50343 and 333-134631 of our reports dated February 2, 2007, relating to the financial statements of Odyssey Marine Exploration, Inc. and Subsidiaries, and management's report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of Odyssey Marine Exploration, Inc. and Subsidiaries for the year ended December 31, 2006.

/s/ Ferlita, Walsh & Gonzalez, P.A.

Ferlita, Walsh & Gonzalez, P.A.
3302 Azeele Street
Tampa, Florida 33609

March 16, 2007

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I. John C. Morris, certify that:

1. I have reviewed this annual report on Form 10-K of Odyssey Marine Exploration, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant's, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2007

/ s / John C. Morris
John C. Morris
Co-Chairman of the Board, President & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Holmes, certify that:

1. I have reviewed this annual report on Form 10-K of Odyssey Marine Exploration, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant's, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2007

/ S / M ICHAEL J. H OLMES
Michael J. Holmes
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
ODYSSEY MARINE EXPLORATION, INC.
PURSUANT TO 18 U.S.C. SECTION 1350

I hereby certify that, to the best of my knowledge, the annual report on Form 10-K of Odyssey Marine Exploration, Inc. for the period ending December 31, 2006:

(1) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Odyssey Marine Exploration, Inc.

/ s / John C. Morris

John C. Morris
Co-Chairman of the Board, President &Chief Executive Officer

March 16, 2007

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Odyssey Marine Exploration, Inc. and will be retained by Odyssey Marine Exploration, Inc. and furnished to the Securities and Exchange Commission upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
ODYSSEY MARINE EXPLORATION, INC.
PURSUANT TO 18 U.S.C. SECTION 1350

I hereby certify that, to the best of my knowledge, the annual report on Form 10-K of Odyssey Marine Exploration, Inc. for the period ending December 31, 2006:

(1) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Odyssey Marine Exploration, Inc.

/ S / M ICHAEL J. H OLMES

Michael J. Holmes
Chief Financial Officer

March 16, 2007

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Odyssey Marine Exploration, Inc. and will be retained by Odyssey Marine Exploration, Inc. and furnished to the Securities and Exchange Commission upon request.