

**NAVY SEC-3RD SECTOR TL** xxxxxxxxxxxxxxxxxxxxxxx

**From:** Robert.Yorke xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx  
**Sent:** 06 February 2015 16:45  
**To:** Robert Yorke  
**Subject:** News update

**Attachments:** British Archaeology-M Heyworth MarchApril 2015.pdf; HMS Victory Independent Article-Cahal Milmo 020215.pdf; Kingsley to Kevan Jones Feb 2 2015.pdf; Kevan Jones to Kinslev 3 2 2015.pdf; Green River Asset Letter to Kevan Jones 013115.docx;

**WARNING:** An attachment to this email may contain a potentially harmful file. If this email is unsolicited **DO NOT** open the attachment and advise your local help desk immediately. If you requested the attachment ensure that a virus scan is carried out before the file is opened.

Dear JNAPC Members and Observers

If you have not already seen it, I would like to draw your attention to an excellent article in British Archaeology (attached) by our member Mike Heyworth commenting on the recent BA/HFF Forum on Safeguarding First World War Wrecks.

There has been quite a lot going on this week following Kevan Jones's Adjournment Debate a week ago.

- 1 Meson article last Sunday [http://seekingalpha.com/article/2872526-odyssey-slammed-in-u-k-parliament-promotion-techniques-exposed-calls-to-cancel-hms-victory-contract?app=1&auth\\_param=5eva5:1acsto1:80a0dd79f3e6c34fa97ae0b910263ea2&uprof=46](http://seekingalpha.com/article/2872526-odyssey-slammed-in-u-k-parliament-promotion-techniques-exposed-calls-to-cancel-hms-victory-contract?app=1&auth_param=5eva5:1acsto1:80a0dd79f3e6c34fa97ae0b910263ea2&uprof=46)
- 2 Article in the Independent by Cahal Milmo on Monday (attached) and <http://www.independent.co.uk/news/science/archaeology/recovery-ofhms-victory-is-hampered-by-stormy-relations-10019242.html#>
- 3 Letter to Kevan Jones from Dr Sean Kingsley on Monday (attached). In his letter Kingsley, a consultant to both the Maritime Heritage Foundation and Odyssey Marine Exploration, states that the "Victory Shipwreck Project is a charitable/commercial archaeology model". It is very hard to reconcile Kingsley's statement of Victory being a commercial model with the fact that the project must be compliant with the Annex to the UNESCO Convention (See Deed of Gift Jan 2012) which prohibits commercial exploitation.
- 4 Letter to Dr Sean Kingsley from Kevan Jones on Tuesday (attached).
- 5 Letter from US hedge fund Green River Asset Management to Kevan Jones (attached).
- 6 Letters from Kevan Jones: to the Cabinet Secretary concerning Jeremy Hunt's meeting with Lord Lingfield; to the Permanent Secretary at MOD concerning lack of a Parliamentary Minute re Victory transfer to MHF; to the Chair of the Public Accounts Committee and to the Permanent Secretary of the Department for Transport concerning the need to reconcile amounts paid and amounts owed to DfT by Odyssey from the SS Gairsoppa silver recovery, and to the CEO of the Charity Commission concerning the Maritime Heritage Foundation. These are all in the public domain.
- 7 Article from thePipeLine <http://thepipeline.info/blog/2015/02/06/awkward-questions-as-jones-requests-victory-1744-investigations/>

I hope you have a good weekend.

Best wishes

Bob

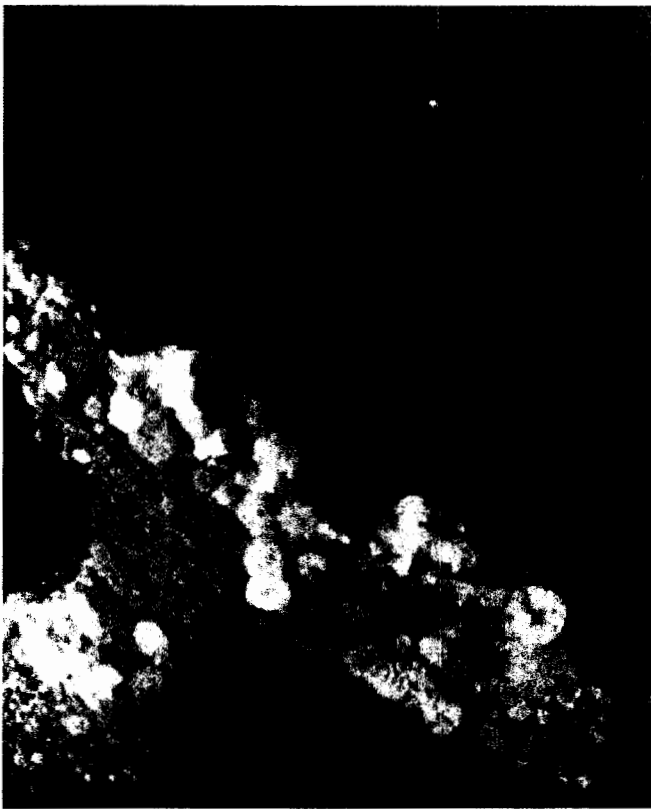
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06/05/2015

# Council for British Archaeology

## Correspondent

### Mike Heyworth, director of the Council for British Archaeology, remembers the war at sea



*Above: A mast on the wreck of HMS Aboukir, one of three British ships sunk in the North Sea on September 22 1914 with the loss of over 1,400 lives*

*Opposite top: Over 700 descendants and relations of sailors lost on HMS Aboukir, Hogue and Cressy at the Historic Dockyard Chatham in September 2014, on the 100th anniversary of the tragedy*

*Right: Boots on the deck of HMS Defence, sunk in the North Sea at the Battle of Jutland, May 31–June 1 1916; over 9,800 British and German men died in the conflict, and 25 ships were destroyed*

on board the ships.

A recent policy forum event held at the British Academy in London, jointly organised by the academy and the Honor Frost Foundation, focused on investigating and safeguarding these wreck sites – and crucially also on the issue of engaging public interest in the war at sea. Part of the context for the event was the recognition that ever more wrecks date from over a hundred years ago as we move through the centenary of the war, so they will fall within the ambit of the 2001 UNESCO Convention on the Protection of Underwater Cultural Heritage. This is increasingly relevant as more state parties sign up, although the UK has yet to ratify it. It is nonetheless the position of the British government to abide by the convention's annex as the basis for its current policy on underwater cultural heritage.

Case studies were presented at the British Academy event which showed the range of stories and conservation challenges associated with first world war wreck sites.

Many of the lost ships have not been physically located, and many known wreck sites have not been securely identified and associated with particular vessels. More research is needed to investigate identified sites, and to apply new technologies to locating more. The secure identification of a wreck is particularly meaningful for families of those lost during the sinking. It creates an important link between the intangible and tangible heritage associated with the wreck.

There are opportunities for public engagement, and recreational divers are often well placed to undertake research – based on the well-established principle of “look, don't touch”. Organisations like the Nautical Archaeology Society ([www.nauticalarchaeologysociety.org](http://www.nauticalarchaeologysociety.org)) and the Maritime Archaeology Trust ([www.maritimearchaeologytrust.org](http://www.maritimearchaeologytrust.org)) have extensive education programmes, and ways in which the public can engage with our rich maritime legacy. Publicity surrounding the

Commemorations taking place across Europe from 2014–18 to mark the centenary of the first world war are focused largely on the land battles fought in continental Europe. In the UK, the CBA's own Home Front Legacy Project is encouraging recording of relevant land sites. Yet the first world war also included many naval elements, and there are several thousand related wreck sites around Britain's coasts. These sites are very often war graves, and mark occasions where lives were lost. There are many stories associated with these wrecks and the people who served





centenary of the first world war is leading many more people to research their ancestors' roles in it. There is growing interest in the location of wrecks, which are the grave sites for so many who lost their lives at sea.

The wrecks are often decaying rapidly due to the ravages of salt water, tidal currents and other sources of damage. It is not going to be possible to preserve their physical remains, yet with investigation and recording the significance of the vessels can be saved – just as would be expected for an archaeological site on land impacted by development. New digital technologies allow intellectual access to wreck sites which for many are inevitably beyond physical access.

Unfortunately, in some cases investigation and new

understanding are being hampered by people who take material from the wrecks. The remains of HMS Cressy, HMS Hogue and HMS Aboukir, which lie off the coast of the Netherlands, are three examples of vessels sunk in the first world war – by torpedoes from the same U-boat within 90 minutes of each other on September 22 1914 – which are now vulnerable to damage. There have recently been several reports of illegal salvage work on these sites, using heavy-duty claws to rip through the hulls in the hope of finding valuable scrap metal.

The current legal framework for the protection of wreck sites is complex. It includes marine legislation (the Marine & Coastal Act 2009), general heritage protection legislation (the Ancient Monuments & Archaeological

Areas Act 1979 – which has been used to protect the wrecks of three first world war battleships and four cruisers of the German High Seas Fleet in Scapa Flow), and dedicated legislation (the Protection of Military Remains Act 1986; the Protection of Wrecks Act 1973). In Scotland there is additional protection through the designation of Historic Marine Protected Areas under the Marine (Scotland) Act 2010. However, most of this legislation applies only to wrecks which lie within UK territorial waters.

In March 2013 the British Academy and the Honor Frost Foundation convened a joint steering committee of underwater cultural heritage experts and senior archaeologists to work towards the UK ratification of the

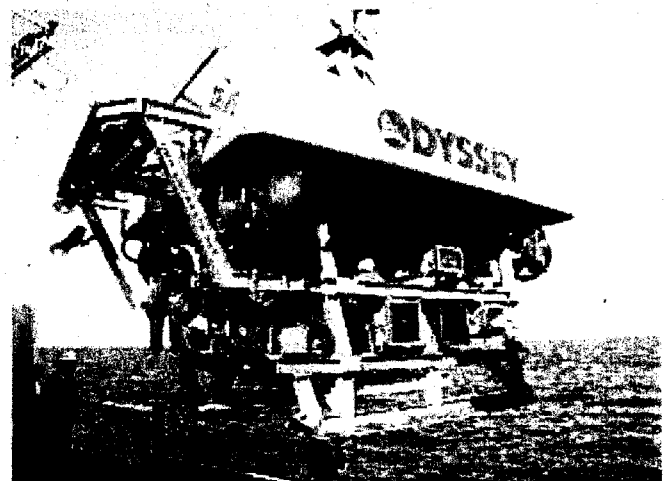
2001 UNESCO convention. The committee is chaired by professor Sir Barry Cunliffe. An independent report has been published detailing the UK's routes towards ratification. This demonstrates that reservations previously raised by the government are no longer of concern (see [www.britac.ac.uk/policy/Protection\\_Underwater\\_Cultural\\_Heritage.cfm](http://www.britac.ac.uk/policy/Protection_Underwater_Cultural_Heritage.cfm)). The convention has now been ratified by nearly 50 state parties, including France, Belgium, Spain and Italy. It is becoming an increasingly important mechanism to allow countries to work together to protect their underwater cultural heritage – often found within the territorial waters of another country.

The Council for British Archaeology has joined other members of the Joint Nautical Archaeology Policy Committee ([www.jnabc.org.uk](http://www.jnabc.org.uk)), the British Academy and Honor Frost Foundation, in calling on the government to do more to protect our rich maritime legacy by ratifying this convention at the earliest opportunity. The UK is otherwise largely incapable of offering protection to British wrecks lying beyond our own waters. This is particularly relevant during the first world war commemorations. More than ever at this time, we should be doing all we can to protect the graves of the brave sailors and other individuals who lost their lives fighting for their country. ■

## What next for HMS Victory?

Many of the issues which relate to first world war wrecks are also directly relevant to the wreck of HMS Victory 1744, located in the English Channel in 2008 (see feature May/June 2009/106). The UK government previously passed ownership of the wreck to the Maritime Heritage Foundation. There has been uncertainty about the foundation's plans for the wreck site. Recently the government announced that it was allowing it to recover at-risk surface items, but the foundation gave no assurances about the

potential sale of personal possessions of Royal Navy sailors or any cargo carried on board, to fund recovery. Any such sale would be in breach of the annex to the 2001 UNESCO convention, which explicitly forbids selling excavated material to fund work. The CBA is calling on the government to ensure that all material recovered from the wreck site is placed in the proposed new Victory Collection, and deposited with a suitable museum. Failing this, a precedent could be created for the commercial exploitation of historic wrecks worldwide. ■



Let's see what's down there

ROBERT YORKE, ODYSSEY MARINE EXPLORATION



# HMS Victory recovery engulfed in controversy as Labour MP accuses key players of 'scam'

HMS Victory was launched in 1737 and lost in 1744, going down with all hands

Cahal Milmo

Monday, 2 February 2015

When HMS Victory, Britain's most fearsome warship, went down with all hands in a vicious storm in the English Channel in 1744, the recriminations were bitter.

Some blamed rotten timbers and the vessel's top-heavy design, while others muttered about the seamanship of Admiral Sir John Balchen.

But the ferocity and grief of 270 years ago is fast paling in comparison to the acrimony of the battle now being waged over how to safeguard what remains of HMS Victory, the direct predecessor to Nelson's flagship of the same name.

A former Labour Defence minister has strongly criticised the key players in ongoing attempts to recover artefacts from the wreck site.

They include Odyssey Marine Exploration, a controversial US company, as well as a Conservative peer with disputed family links to Admiral Balchen and whose charity – the Maritime Heritage Foundation (MHF) – was gifted the vessel by the Government.

Kevan Jones, a shadow Defence minister, told the Commons he believes Odyssey is a "scam" and accused Lord Lingfield, an education adviser to David Cameron, of being either a "Walter Mitty" or having an undisclosed financial relationship with Odyssey. The Labour MP yesterday formally asked the National Audit Office and the Securities and Exchange Commission in America to look into various aspects of the Government's attempts to secure Victory's remains.

Mr Jones said: "The Government should immediately cancel this arrangement with Odyssey and the MHF. Britons will be outraged and scandalised by the sleazy way the Government have treated the last resting place of the HMS Victory and her crew."

The onslaught brought a robust response from Odyssey and others involved in the project, who accused Mr Jones of being drawn to "inaccurate conclusions".

The row has its roots in the 2008 discovery by Odyssey of the scattered remains of Admiral Balchen's vessel, west of Alderney. Its discovery whipped up a new squall about whether it is appropriate to strike a bargain to surrender artefacts to a private company in return for safeguarding state-owned treasures.



Under the deal struck between the MoD and the MHF, Odyssey will be employed to rescue cannon lying on the seabed at claimed risk of looters ahead of future excavation work

A key aspect of the dispute is the possibility that the Victory may have been carrying up to 100,000 gold coins worth anything up to £128m. The existence of this bullion is disputed, but if it is located, it is likely a majority of it will be passed to Odyssey by MHF to cover the US company's costs.

Critics say this arrangement is unseemly and was not subjected to Parliamentary scrutiny. But those involved with the joint MHF-Odyssey search bridle at the suggestion that it is just an underwater treasure hunt.

They point that out that the project has been scrutinised by scientific advisers, including English Heritage. They also complain that Lord Lingfield has been unfairly singled out for his personal interest in the Victory. In a letter to Mr Jones, Dr Sean Kingsley, a shipwreck archaeologist and consultant to MHF and Odyssey, said: "The true scandal in the case of Balchen's Victory, it seems to me, would be if the current opportunity to save this noble wreck was thrown overboard for the sake of personal ideological agendas."

Odyssey said it strongly rejected Mr Jones's claims about its financial and archaeological record, saying it had been a publicly traded company for 18 years and always followed applicable laws. It also denied any separate financial relationship with Lord Lingfield.

In a statement, the company said: "We believe Mr Jones has been misinformed and very likely provided with selective information from a small group of people. It is appalling that while this argument has been ongoing for years, the site remains at risk with important cultural heritage being destroyed and looted."



**Kevan Jones MP**  
House of Commons  
London  
SW1A 0AA

2.2.15

Dear Mr Jones,

Re: The *Victory* Shipwreck Project Debate

Since you have raised my name in the House of Commons on several occasions regarding management approaches to the wreck of the *Victory*, and have not contacted me directly, I would like to pay you the courtesy of a response. I believe the below will help clarify some misleading information with which you have been provided and which has regrettably led to a one-sided perspective and inaccurate conclusions.

To summarise, please be aware that the *Victory* Shipwreck Project is a charitable/commercial archaeology model and categorically not a treasure hunt or salvage. The scientific level of fieldwork conducted between 2008 and 2012 has exceeded industry standards. The Maritime Heritage Foundation's contractor, Odyssey Marine Exploration, has a strong track record of archaeological documentation in its English Channel surveys, and has not 'liquidated' a single artefact from 270 wrecks found. Odyssey's technology and capability are a generation ahead of anyone else in the world in deep-sea wreck studies. Lord Lingfield and his family have a long-held maritime interest in *Victory*. The Maritime Heritage Foundation does have an extremely distinguished and experienced Scientific Advisory Committee (SAC) that advises Lord Lingfield and the Trustees. Its Chairman is Dr. Margaret Rule, CBE, formerly the Chief Archaeologist on the *Mary Rose*. Lord Lingfield and the other trustees have great experience and expertise in the running of charities.

I am a marine archaeologist with a doctorate in this field and have worked in this specific arena for over 25 years, publishing ten books. I am extremely passionate about the history and protection of shipwrecks and sharing their stories with society. Since 2008 I have focused on the new discipline of deep-sea wrecks; it is a privilege to have the opportunity to examine what the world's oceans hold in depths never visited before. To date I have examined more deep-sea sites than any other archaeologist in the world (apart from my colleague at Odyssey, Neil Cunningham Dobson). I consult independently as Director of Wreck Watch Int. to both Odyssey and the Maritime Heritage Foundation based purely on my experience and in-depth knowledge of the *Victory* wreck site. The extensive scientific publications we have transparently disseminated reflect the rigour I have brought to the process of respecting *Victory*. I have no shares or stock in Odyssey Marine Exploration.

While I am not qualified to comment on Odyssey's financial model, I have had the opportunity to observe the company's modus operandi first-hand in respect to *Victory*, and these observations present a very different picture to that selectively brought to your

Dr Sean Kingsley, Director, Wreck Watch Int.

sean@wreckwatch.org

attention by various campaigners. Please be clear that there is a great difference between treasure hunting, salvage and commercial archaeology. The work on *Victory* categorically is neither treasure hunting nor salvage. If it were I would not be interested in collaborating on such a project. Ever since *Odyssey* discovered the wreck in 2008 (not in 1995 as you stated in your debate speech), the scientific commitment shown by the company has impressed me.

The 2008-12 monitoring was comprehensive and the 2012 non-disturbance survey was the most detailed conducted on a deep-sea wreck worldwide, and indeed surpassed the standards of the majority of projects initiated on shallow sites in the UK. I hope you have taken the time to scrutinize the results of the publicly available research to the same degree you have assessed other parts of the project ([www.victory1744.org/publications.html](http://www.victory1744.org/publications.html))? A rich archive of primary data has been obtained from *Odyssey's* 4,725 square nautical mile survey of the Western Approaches and western English Channel about everything from 17th-century merchantmen to 18<sup>th</sup>-century French privateers and German U-boats. Of the approximate 270 wrecks documented, not one artefact has been sold. I perceive this investment to represent a major cultural contribution to the maritime history of the British Isles.

You naturally ask why *Odyssey*? Objectively the company's knowledge, technology and skill level concerning deep-sea wrecks is a generation ahead of the world standard. Several other organisations can conduct high-level surveys, but no other has the capacity to replicate optimum land-based excavation and recording methods underwater using a Remotely-Operated Vehicle (ROV). The Maritime Heritage Foundation chose not to experiment on *Victory*, but to partner with an organisation with a proven track record in the field. Technological capability aside, there are only two other individuals in the UK with any experience working on deep-sea wrecks using ROV's, and neither has access to custom-tooled robots capable of functioning at the level required. *Victory* must not be treated as an experiment, but afforded the highest level of documentation possible.

As an archaeologist and not a campaigner or politician, I find myself aghast at the obsession with the 'Balchin/Balchen' name saga, which seems to me a distasteful attempt to discredit the project through personal attack. Lord Lingfield was approached in 2008 not by *Odyssey* but by a television production company making a programme on *Victory*, having identified Sir Robert as a kinsman of Admiral Sir John Balchen. I understand that all family historians recognise that many surnames did not settle into one specific spelling before the 19<sup>th</sup> century. Lord Lingfield has consistently made clear that the Admiral had no Balchen descendants. George, his only son to reach adulthood, died shortly after his father.

Meanwhile, *Odyssey* has sought to contact several descendants of officers whose ancestors sailed and lost their lives on *Victory*. The attitude to descent was, and continues to be, inclusive. It is a recorded fact that Lord Lingfield's family has a track record of great interest in *Victory*, which resulted in a physical survey attempt by a Royal Navy diving team to find the wreck off the Channel Isles and numerous reports collated by the family, most recently by the late Professor William Balchin FRGS. As you know, it was Lord Lingfield who personally paid a large sum for the renovation of Sir John's Memorial in Westminster Abbey long before he had ever heard of *Odyssey* Marine Exploration.

While I cannot comment on the agenda of Mr. West, he has taken little interest in understanding how best to respect and protect the wreck in practical terms by honouring the memory of all 1,100 people who lost their lives in the tragic sinking of *Victory*. Your statement that "Stemm responded by rubbishing their concerns" is simply untrue. Between March 2009 and April 2011, *Odyssey* and Greg Stemm personally wrote to the Wests on 59 occasions to explain plans for *Victory* and to request the possible sharing of historical

documents. I have read this correspondence. Mr. West's communications to Odyssey can, at best, be described as eccentric and embarrassing. Mr. Stemm and Lord Lingfield also took the time personally to meet with Lionel West on several occasions.

Both Odyssey and I contacted the Wests specifically to advise them of the 2010 MoD/DCMS public consultation. Despite our best efforts, they chose not to participate. Lord Lingfield, by contrast, did participate and offered concrete practical options for managing *Victory*. The Wests' concerns about the respectful treatment of any human remains – shared by everyone – are reflected in the Project Design's Key Management Principles (Page 4) that adhere to all conditions of the Joint Casualty and Compassionate Centre (JCCC) of the MoD, the *Guidance for Best Practice for Treatment of Human Remains Excavated from Christian Burial Grounds in England* (English Heritage & the Church of England, 2005) and *Human Remains from Wreck Sites: a Proposed Policy for Consultation* (English Heritage, 2013). The suggestion that anyone involved in the project would approach any human remains other than with the utmost professionalism and dignity is misleading scaremongering.

As regards your questioning of the expertise of the Maritime Heritage Foundation's Trustees, I am perplexed why you have overlooked the publicised existence of the Scientific Advisory Committee (SAC) that advises Lord Lingfield and the Trustees. For your information, the SAC consists of Dr. Margaret Rule, CBE, former Director of the *Mary Rose* excavation project and author of *The Mary Rose. The Excavation and Raising of Henry VIII's Flagship* (Foreword by HRH The Prince of Wales); Ivor Noël Hume, OBE, Director for 30 years of the Colonial Williamsburg Foundation's department of archaeology and conservation lab, who is considered the 'father of historical archaeology' and is the author of 33 books, including the celebrated *Archaeology in Britain* and *If These Pots Could Talk: Collecting 2,000 years of British Household Pottery*; and Commander John Bingeman, former licensee of three UK Protected Wrecks, Director of the HMS *Invincible* (1758) excavations and author of *The First HMS Invincible (1747-58). Her Excavations (1980-1991)*. These three remarkable individuals have collectively more experience in fieldwork and publishing than English Heritage and the MoD's Advisory Group combined. Omitting the existence of this SAC as advisors to the Foundation during your debate has misled Parliament.

In conclusion, my observations about the management of the *Victory* Shipwreck Project differ significantly from your own and I seriously question the nature and motives of the selective information brought to your attention. The UK Government and recognised stakeholders have led management decisions throughout. The process has been arduous and has made *Victory* the most scrutinised wreck in history and subjected to the greatest oversight outside the *Titanic*. This reality of this formal process contradicts your suggestion of an absence of due diligence.

There are very serious issues surrounding *Victory* that require attention. However, I would hope we can all be united in the aspiration that this noble wreck demands intervention and documentation for the public good and the legacy we can bequeath to future generations, in exactly the same way that France lost no time excavating six of its First Rates off Normandy and Aboukir Bay, Egypt, and Sweden is currently engaged in promoting the *Mars*. I remain convinced by the threats to *Victory* having seen first-hand its cannon dragged 233 metres offsite and the abraded gun surfaces caused by trawlers that have smashed off protective concretions that conservation experts advise would need a hammer and chisel to remove on land. While decisions have been pending about the fate of *Victory*, the two nearest wrecks have now been looted. The threats are real and immediate. While I welcome the Wessex Archaeology report you referred to, it was a limited endeavour that almost entirely mirrored our original conclusions using Odyssey's primary data. This grey literature was well compiled and useful, but not without fault (indeed a UK university uses this very document as a case



study of how the misapplication of technology causes archaeologists to reach inaccurate interpretations). It is easy to verify the fact that the *Victory* team and its specialist advisors have greater qualifications and global fieldwork experience than Wessex Archaeology.

Finally, I would ask that the colleagues advising you focus on facts. As a commissioner of the Commonwealth War Graves Commission, you will know that all mariners feared dying at sea more than anything. In one of his last breaths during the Battle of Trafalgar, Admiral Nelson beseeched Captain Hardy "Don't throw me overboard." The true scandal in the case of Balchen's *Victory*, it seems to me, would be if the current opportunity to save this noble wreck was thrown overboard for the sake of personal ideological agendas.

There are currently serious ongoing issues in UK marine archaeology, which require even greater attention than *Victory* but are ignored by your advisors in their extraordinary obsession with *Victory*: the failure to save key Protected Wrecks, such as HMS *Stirling Castle*, our finest preserved wreck, falling apart through benign neglect; extremely low publication rates; and newly emerged threats, including how to combat the threat of global warming to sites like HMS *London* and the dredging activities that allowed them to become vulnerable in the first place. Ironically, all of these problems are driven by inadequate funding, the very issue that the Maritime Heritage Foundation and Odyssey have successfully addressed for *Victory*.

I hope this letter satisfactorily addresses some of your concerns and rectifies many inaccuracies presented in your debate drawn from questionable sources. Should it be useful for you to discuss these matters further to help create clearer understanding, please do not hesitate to contact me at {XXXXXXXXXXXXXXXXXXXXX}.

Yours sincerely,

{XXXXXXXXXXXXXXXXXXXXX}  
{XXXXXXXXXXXXXXXXXXXXX}  
{XXXXXXXXXXXXXXXXXXXXX}  
{XXXXXXXXXXXXXXXXXXXXX}

**Dr Sean A. Kingsley**  
**Director**  
**Wreck Watch Int.**  
**London**

**Contact:** {XXXXXXXXXXXXXXXXXXXXX}

cc. The Rt. Hon. Michael Fallon, MP  
The Hon. Ed Vaizey MP  
Giles Ahern, Navy Command, MoD  
The Rt Hon the Lord Lingfield, Chairman, Maritime Heritage Foundation  
Dr Simon Thurley, Chief Executive, English Heritage

**From:**XXXXXXXXXXXXXXXXX:  
**Sent:** 03 February 2015 16:28  
**To:** JONES, Kevan  
**Subject:**

3<sup>rd</sup> February 2015

Dear Mr Kingsley,

I would like to thank you for your letter of 2<sup>nd</sup> February 2015. There are a number of points that I would like to address regarding your correspondence. I would have sent you this letter in hard copy form but was unable to locate a postal address for your organisation.

Firstly, it is unclear about the exact role in which you have written to me, and whether this is in your capacity as the Director of Wreck Watch International, as a consultant for Odyssey Marine Exploration, or as a consultant for Maritime Heritage Foundation.

Further, I am interested to know what exactly your financial relationship with Odyssey is. Are you paid by Odyssey, and are you remunerated for your work with the Maritime Heritage Foundation? It would appear from their accounts that they have only £65,000 in the bank and spent only £495 on charitable activities in 2013/14. Are Odyssey paying you for the work you undertake on behalf of the Maritime Heritage Foundation?

In paragraph two of letter you mention that the work undertaken on HMS Victory is a 'charitable/commercial archaeology model and categorically not a treasure hunt or a salvage'. You repeat this sentiment in your fourth paragraph. May I ask you for your assessment of how this sits with the numerous public statements by Odyssey regarding the management of HMS Victory, including their statements that the gold on HMS Victory alone was worth around \$500 million to \$1billion and would be "monetised".

In your second paragraph you mention that Odyssey have not 'liqueted a single artefact from 270 wrecks found'. However, this statement appears to contradict Odyssey's business model.

Also in you second paragraph, you mention that 'Lord Lingfield and the other trustees have great experience and expertise in the running of charities'. This may well be the case, but it appears that Lord Lingfield has no known experience of a major heritage or maritime archaeology project and would seem to be entirely dependent on Odyssey for financial and logistical support.

In your third paragraph you mention that you say you are 'not qualified to comment on Odyssey's financial model'. However, this appears to be inconsistent with your position as a consultant for Odyssey and in particular MHF, where establishing and controlling budgets for a

project would be expected to be a significant part of your brief. I would ask whether you could you clarify this?

In your sixth paragraph you mention that Odyssey can demonstrate a 'knowledge, technology and skill level concerning deep-sea wrecks [that] is a generation ahead of the world standard'. I would like to ask you how exactly that fits with the received warning regarding the unlicensed work on the wreck in 2012.

I was also interested to note in your seventh paragraph your comments that 'Lord Lingfield was approached in 2008 not by Odyssey but by a television production company'. I would be interested to know which specific television company this was, and whether was that Television Company JWM Productions, whom Odyssey was paid a substantial facility fee to in order to allow the TV crew to film?

Regarding your ninth paragraph, I am interested to understand how you know that Odyssey and Mr Stemm wrote to the West family on 59 occasions. This appears to be completely at odds with what I have been told from those who have had close regular contact with the family regarding these matters.

Finally, in regards to your references to the Scientific Advisory Committee (SAC) in the tenth paragraph, I appreciate that all three persons you cite have made distinguished contributions to maritime and historical archaeology. However, they also have a record of supporting a model for archaeology that seems to be at odds with the UNESCO Convention on the Protection of the Underwater Cultural Heritage.

XXXXXXXXXXXXXXXXXXXXXXXXXX, is indeed the former Licencee for the historic wreck HMS Invincible, but I am also told he is also on the record as supporting the sale of artefacts from wreck sites.

Ivor Noel Hume, you will also be aware has raised questions about Odyssey in his autobiography:

*"I was appalled when Odyssey made a Discovery Channel series titled Treasure Quest and allowed its archaeologist to mug for the camera wearing a pirate's hat. Archaeology, it seemed, was no more than a self-serving veneer to cover a greed for gold, and I had taken the bait."*

Noël Hume, Ivor (2010-08-05). A Passion for the Past (Kindle Locations 6484-6491). University of Virginia Press. Kindle Edition.

With regard to Dr Rule's recent background, she is rightly remembered for her very important work on the "Mary Rose," but I have also been informed by members of the archaeological community that she has been associated with another treasure hunting company Arqueonautas Worldwide, which has also been a business partner of Odyssey Marine International.

In 2000, while I understand that Dr Rule had an association with the company as a member of its "Scientific Committee," Arqueonautas sold material from the Sovereign Immune US Navy Sloop of War the USS Yorktown. This action resulted in an investigation by the US Departments of the Navy and State, who successfully demanded the return of the recovered and sold material.

As you will be aware, on November 7 2014 Odyssey Marine Exploration were in receipt of an "Official Written Warning Letter" regarding four breaches of the Marine and Coastal Access Act (2009) which took place on the HMS Victory wreck site in the Summer of 2012. Lord Lingfield admitted in an e-mail to the Ministry of Defence official then in charge of the HMS Victory Project, Mr Simon Routh, that the work in 2012 which was the subject of the warning letter had been "authorised" by the Scientific Committee of the Maritime Heritage Foundation.

This work included the "preparation of vulnerable cannon for lifting". I am advised this is intrusive work which would involve the excavation around and under cannon to free it from the seabed and perhaps the attachment of lifting strops. Under the "Deed of Gift" for HMS Victory 1744 such work would therefore require the consent of the Secretary of State for Defence in advance of the work taking place. I am informed that no such consent was asked for or given, or if it was, then knowledge of that consent was kept from the Advisory Group and Expert Panel.

I very much appreciate your correspondence on this matter, and I would certainly be interested in your responses to my questions.

Best wishes,

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**Kevan Jones.**  
**Member of Parliament.**

January 31, 2015

Mr. Kevan Jones MP  
House of Commons  
London  
SW1A 0AA

Dear Mr. Jones,

I was startled to hear the allegations of fraud and other improprieties that you leveled at Odyssey Marine in your adjournment debate speech on Jan 29<sup>th</sup>. The fund which I manage is a shareholder of Odyssey, and I am writing to you in hope that you will provide me with more detail in support of these very serious charges.

By way of background, I run a hedge fund, the Green River Intrinsic Value Fund, which specializes in small capitalization equities. I have worked on Wall Street for the last twenty-three years, serving in senior roles at Deutsche Bank, CIBC World Markets, and Thomas Weisel Partners, prior to starting Green River Asset Management in 2010.

My involvement with Odyssey Marine began in early 2013 when I started to perform due diligence on the company. I have spent the last two years researching Odyssey Marine with the help of a group of talented and experienced institutional portfolio managers who also own shares in the company. Together we have logged thousands of man-hours understanding the firm's business, speaking with current and former employees, visiting key locations, speaking with management, speaking with consultants engaged with the company, interviewing industry consultants, competitors, scientists, executives at companies in which Odyssey holds an investment, maritime lawyers, and environmental group representatives. Of course we have read all of the SEC filings, published research, and media accounts we could find as well.

Our combined research efforts have revealed a company that is less than perfect for sure, but is nonetheless much different than the one that you portrayed in your adjournment speech. Note that we are each very independent from Odyssey Marine. Our allegiances are only to our investors, as that is where our fiduciary duties lie. While I have personally lent support to the company in research that I have published, I have also publicly pushed for reforms at Odyssey, aiming to improve financial performance and align management pay more closely with financial performance.

The allegations that you have made with respect to Odyssey Marine are extremely serious. Due to the gravity of these claims, the highly public forum in which they were announced, as well as your responsibilities as a high-ranking public figure, I am sure that you would have undertaken a substantial amount of due diligence to confirm their veracity before making them. Since it is my job to understand Odyssey from every perspective, I would appreciate if you would share some of your due diligence with me in areas where it conflicts with my own.

As you may be aware, there has been a vicious campaign against Odyssey here in the US, led by a group that hopes to profit by sending the firm into bankruptcy. That campaign has been characterized by highly biased research, fraudulent and misleading claims, and stock manipulation. The key architect of the campaign is being investigated by the SEC, and criminal charges were recently brought against him

in Mexico. My hope is that you have not unwittingly relied on the false and misleading information from this group without performing your own due diligence.

I have specific questions about the following points you made in your speech on 1/29 and would appreciate your input. I have included your quotes in bold and my comments follow in *italics*.

**“Odyssey is a scam”**

*Would you please elaborate and provide corroborating evidence of this fact? Odyssey has a history of losses and substantial shareholder dilution, but these facts are well-anticipated by the market and don't qualify the company as a “scam.” I have been unable to find any evidence that the company is a “scam.” Obviously this is a very important and damaging claim that you have made and it would only be made with the support of overwhelming evidence. I need to know what I have missed so that I can act in the best interest of my investors.*

**“There is plenty of evidence to suggest that if Odyssey were forced to raise equity, it would have to file for bankruptcy.”**

*Can you share some of this evidence? If the company were forced to raise equity, wouldn't that have the effect of preventing rather than causing bankruptcy? Incidentally, I know a couple large shareholders who have represented that they would gladly provide capital to the company so that it has the required liquidity necessary to monetize some of its substantial assets. Does your research suggest this is not the case? Again, please let me know what I am missing?*

**“Odyssey changed the terms of that contract with the Government after it was signed to the company's advantage, meaning that Odyssey withheld \$4.9 million from the Government to cover its salvage costs, which it had no entitlement to retain”**

*It sounds like you have uncovered a scandal of significant proportions. I was under the impression that Odyssey's agreement with the UK government was an arms-length transaction, agreed to by both parties, but your statement implies that this is not the case. Was a UK government official working on behalf of Odyssey to allow the company to secretly change the terms of a deal after it was signed? How was Odyssey able to orchestrate this plan when the UK government was to audit the financial arrangement each year? Any more detail that you can provide about this scandal is greatly appreciated.*

**“The company has lost \$185 million since its inception, and is backed by what can only be described as a web of secret offshore companies. They have little or no real value but are highlighted by Odyssey”**

*I was unaware of Odyssey's “web of secret offshore companies.” Odyssey discloses several foreign subsidiaries in its SEC filings, and has mentioned many of them in its investor presentations. These are the only offshore companies of which I am aware, but obviously they are not secret. Do you know of*

*other entities that the company is hiding from regulators and investors? If so, I would appreciate more information so that I can get to the bottom of the issue.*

*I am confused by your statement that "They have little or no real value but are highlighted by Odyssey." You have just claimed that they are "secret," but in the next sentence you claim that the company is highlighting them. The notion that Odyssey would highlight secret subsidiaries appears, on the face of it at least, to be contradictory. Can you reconcile these statements?*

*If your statement regarding "little or no value" refers to Odyssey's mining subsidiaries, Oceanica and Neptune Minerals, my research indicates that these assets may be worth billions. Investors have capitalized the entities with implied valuations in the hundreds of millions. As your assessment of value is so different from mine (and other investors), I would like to learn more about why you believe these assets have "little or no" value. Why do you feel your discounted cash flow models are superior relative to those of investors who have put their hard-earned money into these ventures?*

**"A close look at the companies shows that the valuations are false"**

*It appears that your statement refers to Odyssey's ownership in certain seabed mining enterprises. Odyssey had included valuations for Oceanica, Neptune Minerals, and Chatham Rock Phosphate in an investor presentation, and those valuations were premised on the last completed financings for the respective assets. While one would never assume that those valuations are static, or that they necessarily apply today, I am uncertain as to why you would claim them to be false. The valuations which were applied in the respective transactions are correctly noted in pertinent SEC filings. Why are the valuations false, and what information do you possess that allows you to make this statement?*

*Are you asserting that Odyssey artificially inflated the value of assets by citing valuations from transactions that were not arms-length? If so, can you provide information about how this worked and who was involved? This would obviously be a serious financial crime, and a charge of this gravity would demand commensurately substantial evidence. The allegations have been made before, and I have spent a good deal of time trying to understand how this "scam" would work mathematically, and cannot seem to get the figures to work. Hopefully you can help me.*

**"Odyssey also has a proven track record of ignoring the law, manipulating historical data and making exaggerated and unproven claims"**

*Odyssey finds value buried on the bottom of the ocean. No one knows for certain what lies beneath the surface of the ocean floor before Odyssey's remote vehicles begin to work on the site, so anything it says with respect to potential value is, by definition, unproven. Odyssey tries to frame for investors what could be recovered from the seafloor, but in my experience they have always been careful to note that there is a high degree of uncertainty involved in their estimates.*

*When you say that the firm has a proven track record of ignoring the law, you are likely referring to the Spanish Mercedes salvage. Judge Stephen Merryday's opinion, and his castigation of Odyssey, has been repeated frequently by the media and short-sellers alike. So, one would understandably be led to believe that Odyssey has a troubled past, and is a poor corporate citizen.*

*Understand, however, that there is another side of the story. In the Mercedes case, diplomatic cables made public by Wikileaks appear to show that the US government offered to surreptitiously help Spain in its case against Odyssey. Further to this point, the Executive Branch of the US government filed an amicus brief in the case, and essentially changed the laws with respect to sovereign vessels on commercial missions during the proceedings. Thus, while Odyssey thought it was acting according to law, in retrospect it was not.*

*If you believe there are other instances where Odyssey has willfully broken important laws I am anxious to hear about them.*

**“many of the individuals involved in Odyssey also sit as directors of the other companies. Odyssey strangely seems to pay those companies for “work” at exorbitant rates.”**

*Can you cite an example of this? In my due diligence I have found examples of Odyssey doing work for some of the companies in which it holds an investment, but I have not run across an example where it worked the other way around. What evidence do you have to support the contention that Odyssey was overpaying these companies? What source are you using to benchmark the service rates?*

**“Some of the directors are also highly dubious—some of the directors of a Panama-based subsidiary have been investigated for money laundering.”**

*My research indicates that the directors to whom you refer are technically called “nominee directors.” They are employees at the law firm that was used to form the Panamanian-based entity. Because Panamanian law requires three directors, and the entity in question had just one shareholder, it took advantage of the law firm’s international nominee director service to add two law firm employees as directors and satisfy Panamanian statutes.*

*The two employees of the law firm are nominee directors at hundreds, or perhaps thousands of other firms. They are not involved in operations of these firms, they merely lend a name to each organization for legal reasons. Since the law firm was engaged by a few corporate clients who turned out to be corrupt organizations, and who had used the law firm’s employees as nominee directors, those nominee directors were cited as being connected with the corruption. Yet, in each of the cases, it was shown that the nominee directors were not involved in the operations, and the nominee directors were cleared of wrongdoing. Because the entity connected with Odyssey used the same nominee directors, short-sellers have wrongly accused the firm as being tied to money-laundering and drug-running cartels.*

*This is the conclusion I have come to with respect to the subject. If you have evidence to the contrary, I would appreciate it if you would share it with me.*

**“Its shares are worth absolutely nothing.”**

*According to my Nasdaq market quote, Odyssey currently carries an equity market capitalization of approximately \$80 million and an enterprise value (which includes the net value of its debt) of \$93 million.*



**"This is a company whose chief executive officer, Greg Stemm, told shareholders last September that it did not have enough cash to see it through the winter."**

*Can you find this quote for me? I cannot source it, and it seems like an unusual statement. Greg Stemm is not Odyssey's CEO (he is Chairman of the company) and I don't recall him saying that the company would not have enough cash to see it through this winter.*

*In SEC filings, Odyssey has disclosed its cash balances and cash burn rates, and many analysts (myself included) have projected that the company will need to undertake some form of financing by mid-February, but this is much different from running out of cash, which would imply insolvency. I'm not sure why an officer of the company would try to frighten shareholders with a statement such as the one you cite.*

**"there is no evidence whatever that there was, to quote Greg Stemm, "more than a billion dollars of gold" on board HMS Victory, yet that was claimed by Odyssey's share pumpers and never denied by the company."**

*When you say "share pumpers" I am going to assume that you are referring to my research since mine was the principal piece published after the Victory approval. While I take exception to the characterization of my research as "share pumping" I also understand that everyone is entitled to his or her opinion, and I agree that the impact of my research sent the stock higher.*

*The group with which I work has invested a significant amount of time and effort to understand what the HMS Victory likely carried when she sank. I attempted to demonstrate the depth of research in my published work. I also noted clearly in the document that the evidence supporting a cargo of precious metal is circumstantial. I wanted the audience to understand that we are making an educated guess.*

*I don't think it is correct to say that "there is no evidence whatever" that there was a billion dollars of gold. There is some evidence in the form of an article in the Amsterdamsche Courant citing the fact that the Victory carried approximately £400,000 on its return trip from Lisbon. Also, I believe that the Wessex Archaeology missed some important points in its analysis of the Victory. If you have evidence to the contrary, I ask that you please share it with me so that I can make corrections to my written research.*

In closing, I would like to reiterate that while I have spent a tremendous amount of time understanding many different aspects of Odyssey Marine, due diligence is always a work-in-progress, and I am ever interested to learn more. I appreciate the work that you have done, and any information you can provide that will make me smarter with respect to this company will be of great help. I take your allegations very seriously, which is why I am writing to you, and why I am anxious to hear back from you regarding the supporting evidence you have compiled.

Understand that my letter to you is not connected to Odyssey management in any way. I have not consulted with Odyssey management about this letter, and I have yet to ask them about your serious allegations. Though I have generally been supportive of Odyssey in my published research, this is not

due to any connection with the company beyond the fund's ownership. Rather, it is because my work has indicated the firm is significantly undervalued and misunderstood. My investors depend on the objectivity and independence of my research and you can too.

Thank you for reading this letter. I look forward to hearing from you.

Best Wishes,

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Managing Partner  
Green River Asset Management LLC