

**From:** Robert Yorke [mailto:XXXXXXXXXXXXXXXXXXXXXXXXXXXX]  
**Sent:** 22 November 2014 15:25  
**To:** Robert Yorke  
**Subject:** FW: Odyssey Marine Exploration Reports Third Quarter 2014 Results

Dear JNAPC Members and Observers

On 10 November Odyssey Marine Exploration (OME) posted its third quarter results which are shown below. The company made a loss of \$7.4 million in the third quarter and has lost \$21.2 million in the first nine months of 2014. Full results are published at [Form 10-Q / Quarterly Report](#). In this report OME report:

*"We may also have to revert to capital raises that include equity and/or convertible debt to allow us to continue as a going concern. Our consolidated non-restricted cash balance at September 30, 2014 was \$3.7 million which is insufficient to support operations through the end of the year. While we have been successful in generating cash inflows and raising the necessary funds in the past, there can be no assurance that we can continue to do so in 2014 or the following twelve months..... Subsequent to the third quarter, Odyssey received another \$2.5 million in cash from this [marketing] facility and the confirmation that the last \$2.5 million can be called upon at any time by Odyssey."*

On HMS Victory (1744) OME report that work is expected to start on site in the first quarter of 2015 and announced on behalf of the Maritime Heritage Foundation (MHF) that:

*"The MHF will next submit the necessary application to the UK Marine Management Organisation (MMO). As the exclusive archaeological contractor to the MHF, Odyssey will undertake the activities as outlined in the approved project design, including recording, documentation, conservation and publication. All recovered artifacts will be declared to the Receiver of Wreck in accordance with UK legislation.....The Odyssey Explorer is scheduled to arrive in the UK by the end of the year for its regular annual required surveys and maintenance. Thereafter, the vessel will be assigned to conduct archaeological operations at the HMS Victory site and other shipwrecks in Odyssey's project pipeline."*

The same day OME held a conference call to discuss its 3<sup>rd</sup> quarter results. The transcript is available at <http://seekingalpha.com/article/2667405-odyssey-marine-explorations-omex-ceo-mark-gordon-on-q3-2014-results-earnings-call-transcript?app=1&uprof=46> . Two points were:

Philip Devine (Chief Financial Officer) stated that:

*"We have enough cash to carry us into 2015. We have been working on multiple transactions that are expected to provide us with one or more large cash inflows in the coming months. "*

And in respect to the HMS Victory project the new Chief Executive Officer, Mark Gordon, stated:

28/04/2015

"Rest assure that management is investing in this project because we believe that the project will provide an appropriate return on investment"

"What I could say and I think it's what I did say during the call that look we wouldn't have undertaken this project if we didn't think that there would be significant return on the investment we're about to make with shareholders money and have been making over the years. So we believe it's going to be an exemplary project that will once again showcase Odyssey's exceptional capabilities to conduct deep-ocean archeological excavations and we do expect a significant return on investments"

It is difficult to understand how these last two statements are compatible with an HMS Victory project that is totally compliant with the Annex to the UNESCO Convention on the Protection of the Underwater Cultural Heritage 2001.

Regards

Bob

## Odyssey Marine Exploration Reports Third Quarter 2014 Results

TAMPA, Fla., Nov. 10, 2014 (GLOBE NEWSWIRE) -- Odyssey Marine Exploration, Inc. (Nasdaq:OMEX), a pioneer in the field of deep-ocean exploration, reported results for the third quarter ended September 30, 2014.

The company's operations during the quarter were primarily focused on the recovery of gold from the SS *Central America* shipwreck and support for the submission of the Environmental Impact Assessment (EIA) for the "Don Diego" phosphate mineral deposit controlled by one of the company's subsidiaries.

### Third Quarter 2014 Operational and Financial Highlights

- Completed the 2014 season's offshore operations at the SS *Central America* shipwreck site and recovered more than 15,500 silver and gold coins, 45 gold ingots, gold dust, nuggets, jewelry, and various other artifacts. Odyssey's share of the expected proceeds from the recovered cargo is far in excess of the project costs and is expected to generate a significant profit margin to Odyssey.
- Environmental Impact Assessment for proposed dredging and recovery of phosphate sands from the "Don Diego" deposit was filed by Exploraciones Oceanicas with the Mexican Secretary of Environment and Natural Resources (SEMARNAT).
- Received new data and analysis in an NI 43-101 compliant revised assessment completed by an independent expert that concludes the measured and indicated phosphorite resources in the "Don Diego" mineral deposit now total 327.2 million ore tonnes at 18.5% P2O5, an increase of 20% over the measurements reported in the first quarter of 2014. This assessment does not include concession areas where testing has not yet been conducted nor areas below the core sample depth where the core ended with full mineralization.
- Secured a new \$10 million credit facility with a marketing partner and received the first \$5 million on the facility in the quarter. Subsequent to the third quarter, Odyssey received a further \$2.5 million of cash on the loan facility.
- Terminated the long term charter of the *Dorado Discovery* vessel, while maintaining a relationship with the ship owner that provides access to the vessel for future projects. This action and other cost savings should reduce monthly operational expenditures by 25% by 2015. The company also transferred some of the equipment from the *Dorado Discovery* to the *Odyssey Explorer* vessel to increase asset utilization.

### Shipwreck Projects Updates

During the third quarter, the company completed the 2014 summer season's recovery work on the SS *Central America* shipwreck, which had commenced in mid-April. During the five months of work conducted on the SS *Central America* shipwreck site, more than 15,500 silver and gold coins, 45 gold ingots, gold dust, gold nuggets, jewelry, and various other artifacts were recovered.

According to Mark Gordon, Odyssey's chief executive officer, "While the exact value of the recovered *Central America*

cargo will not be known until it is monetized, we know it is valued in the tens of millions of dollars and well in excess of the project costs."

During the final month of the 2014 recovery season on the SS *Central America* shipwreck site, the *Odyssey Explorer* performed a 161,000-square-meter, high-resolution video survey of the shipwreck and surrounding seabed. An additional survey with Odyssey's new dual-head SeaBat 7125 deep tow survey system is currently underway. Odyssey and Ira Owen Kane, the court-appointed Receiver for Recovery Limited Partnership (RLP), will evaluate information and data gathered from the 2014 operations, including these new surveys, to determine future plans.

In October, the United Kingdom's Secretary of State for Defence announced consent to proceed with the archaeological investigation and recovery of at-risk artifacts from the wreck site of HMS *Victory* (1744) in accordance with the project design that has been approved by the UK Ministry of Defence (MOD) and Department for Culture Media & Sport (DCMS). In 2008, Odyssey discovered the shipwreck of HMS *Victory* (lost 1744) and with the permission of the MOD recovered two cannon to aid positive identification of the shipwreck. In January 2012, a deed of gift transferred the *Victory* (1744) and associated materials belonging to the Crown to the Maritime Heritage Foundation (MHF), a UK charitable trust.

"HMS *Victory* is the only wreck of a first-rate English warship discovered underwater anywhere in the world," noted the chairman of the MHF, Lord Lingfield, in the press release announcing the MOD's decision. "Odyssey's archaeological experience with this shipwreck, as well as with many other projects throughout the world, gives us great confidence this important project will be conducted to the highest standards."

The MHF will next submit the necessary application to the UK Marine Management Organisation (MMO). As the exclusive archaeological contractor to the MHF, Odyssey will undertake the activities as outlined in the approved project design, including recording, documentation, conservation and publication. All recovered artifacts will be declared to the Receiver of Wreck in accordance with UK legislation.

Odyssey has recently been conducting sea trials with the new Teledyne-Reson dual head SeaBat 7125 deep-tow system that it acquired to advance the company's deep 20<sup>th</sup>-century commodity shipwreck search and mineral exploration operations.

The *Odyssey Explorer* is scheduled to arrive in the UK by the end of the year for its regular annual required surveys and maintenance. Thereafter, the vessel will be assigned to conduct archaeological operations at the HMS *Victory* site and other shipwrecks in Odyssey's project pipeline.

### **Seabed Mineral Exploration Update**

Odyssey controls subsidiaries that are engaged in the development of the "Don Diego" phosphate deposit in Mexico. Phosphate is a key natural ingredient of fertilizers and is considered a strategic economic resource.

Odyssey reported in July that the most recent NI 43-101 compliant "Technical Report: Revised Assessment" concluded that the measured and indicated phosphorite resources at the "Don Diego" deposit total 327.2 million ore tonnes at 18.5% P<sub>2</sub>O<sub>5</sub>. This assessment represents an increase of 20% over the previous preliminary assessment total of 273.5 million ore tonnes, and it adds 166.4 million inferred ore tonnes at 18.9% P<sub>2</sub>O<sub>5</sub> to the measured and indicated resource assessment.

As announced in August, the Mexican government awarded two additional concession areas that increased the size and value of the "Don Diego" project. The ore quantities of these new concession areas are not yet included in the previously published NI 43-101 report data.

The potential size, quality and strategic significance of this resource has drawn the attention of potential strategic investors. As a result, we are involved in exploratory discussions through our investment banking team and we expect to report further details in the near future as further developments warrant such disclosures.

In September, the Environmental Impact Assessment for proposed dredging and recovery of phosphate sands from the "Don Diego" deposit was filed with the Mexican Secretary of Environment and Natural Resources (SEMARNAT). The EIA consists of more than 4,600 pages that detail the extensive analyses, tests, reports and models contributed by outside experts and environmental scientists on the proposed program to extract the phosphate sands.

Experts in marine dredging, plume modeling, sound propagation, ecotoxicology, phosphate research and engineering all contributed to the extensive environmental studies and scientific findings that were incorporated in the EIA. A public hearing on the EIA was organized by SEMARNAT on November 5 in Mexico. The hearing was well-attended and included a productive presentation which featured an informed question and answer exchange and a forum to highlight the benefits of this project for Mexico. A decision by the Mexican government on the "Don Diego" permit for commencing commercial operations is anticipated before year-end.

"The expert team on the 'Don Diego' phosphate project has provided outstanding work that culminated in the recent EIA submission and successful SEMARNAT public hearing. The size, quality, and validation of this deposit has allowed us to enter talks with interested strategic partners," stated John Longley, Odyssey's chief operating officer. "I have spent the past several weeks evaluating our portfolio of future shipwreck and mineral exploration projects and in both areas there is a long list of high-value projects that I am confident will generate the levels of financial returns which will create significant shareholder value."

### Third Quarter 2014 Financial Results

Total revenue in the third quarter of 2014 was \$120,000, as compared to \$5.6 million in the same year-ago quarter. The third quarter of 2013 included revenues recognized from the monetization of silver recovered from the *Gairsoppa* shipwreck in 2013. Although significant quantities of gold and silver cargo items were recovered from the SS *Central America* shipwreck in 2014, no revenues have been recognized so far in 2014 from this project because the exact value of the recovered cargo will not be known until it is monetized.

Marketing, general and administrative expenses in the third quarter of 2014 totaled \$2.8 million, as compared to \$4.7 million in the same year-ago quarter. The decrease in expenses is primarily due to one-time costs in 2013.

Operations and research expenses in the third quarter of 2014 were \$5.1 million, as compared to \$4.2 million in the year-ago quarter. The increase is primarily due to higher project cost recoupment in the third quarter of 2013 for the *Gairsoppa* project than the cost recoupment for the *Central America* project in the third quarter of 2014. The increase is also due to higher operating costs in 2014 for the company-owned *Odyssey Explorer* vessel, which worked 24-hour shifts on the *Central America* project. The increase is offset in part by the 2013 charter expense for the Seabed Worker vessel (used for work on the *Gairsoppa* shipwreck) that was not chartered in 2014.

After chartering the *Dorado Discovery* vessel for several years, the lease on this vessel was terminated in the third quarter of 2014. The cost savings from the termination of this charter will start to be realized in the fourth quarter of 2014. The company expects these and other costs savings to reduce monthly operational expenditures by 25% by 2015.

The consolidated net loss of the company in the third quarter of 2014 was \$7.4 million or \$0.09 per share, as compared to a net loss of \$0.9 million or \$0.01 per share in the year-ago quarter. The increase is primarily a result of having recognized *Gairsoppa* project revenue in 2013 and not recognizing any SS *Central America* project revenue in 2014.

Cash and cash equivalents totaled \$3.7 million at September 30, 2014, as compared to \$5.7 million at June 30, 2014. Operating cash flows for nine months ended September 30, 2014 improved by 34% as compared to the same period in 2013.

In August 2014, Odyssey entered into a \$10 million loan agreement with a strategic marketing partner and upon closing of the agreement received \$5 million on the facility. Subsequent to the third quarter, Odyssey received another \$2.5 million in cash from this facility and the confirmation that the last \$2.5 million can be called upon at any time by Odyssey.

### Management Transition

Odyssey implemented its CEO succession plan effective October 1, 2014. Mark Gordon assumed the role of chief executive officer and retained his role of president. Greg Stemm, formerly the company's chief executive officer, assumed the role of chairman of the board. Bradford Baker, the former chairman of the board, assumed the role of lead director. On October 6, John D. Longley, Jr., was appointed chief operating officer.

### Conference Call

Odyssey will hold a conference call to discuss its third quarter 2014 results later today at 4:45 p.m. Eastern time. Management will host the presentation, followed by a question and answer period.

Date: Monday, November 10, 2014

Time: 4:45 p.m. Eastern time (1:45 p.m. Pacific time)

Dial-in number: 1-888-708-5678

International dial-in number: 1-913-312-1522

Conference ID: 7159759

Webcast: <http://public.viavid.com/index.php?id=111498>

The conference call will be webcast live and available for replay via the investor section of the company's website at [www.odysseymarine.com](http://www.odysseymarine.com).

Please call the conference telephone number five minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios Group at 1-949-574-3860.

A replay of the call will be available approximately two hours after the call through December 10, 2014.

Toll-free replay number: 1-877-870-5176

International replay number: 1-858-384-5517

Replay ID: 7159759

### **About Odyssey Marine Exploration**

Odyssey Marine Exploration, Inc. (Nasdaq:OMEX) is engaged in deep-ocean exploration using innovative methods and state-of-the-art technology for shipwreck projects and mineral exploration. During the company's first major discovery in 2003, more than 51,000 coins were recovered from the 1865 shipwreck of the *SS Republic* nearly 518 meters deep. Since then the Odyssey has discovered hundreds of shipwrecks ranging from fifth-century BC Punic sites to German U-boats and Colonial warships. In 2012 and 2013 the company set a world record for the deepest shipwreck cargo recovery with 110 tons of silver recovered from the *SS Gairsoppa* nearly 4,700 meters deep.

In 2010 the company began applying its equipment and expertise to the exploration for valuable subsea minerals. One of the deposits discovered and validated by Odyssey is the "Don Diego" phosphate deposit off the coast of Mexico.

For additional details about Odyssey, visit [www.odysseymarine.com](http://www.odysseymarine.com). You can also follow the company on Facebook ([www.facebook.com/OdysseyMarine](http://www.facebook.com/OdysseyMarine)) and Twitter (@OdysseyMarine).

### **Cautionary Note to U.S. Investors**

The U.S. Securities and Exchange Commission (SEC) permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms in this press release, such as "ore" "measured" "indicated," and "inferred" "resources," which the SEC guidelines strictly prohibit us from including in our filings with the SEC. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. U.S. investors are cautioned not to assume that part or all of the inferred mineral resource exists, or is economically or legally mineable, and urged to consider closely the disclosures in the our Form 10-K which may be secured from us or from the SEC's website at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

### **Important Cautions Regarding Forward Looking Statements**

Odyssey Marine Exploration believes the information set forth in this Press Release may include "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. Certain factors that could cause results to differ materially from those projected in the forward-looking statements are set forth in "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission on March 17, 2014. The financial and operating projections, as well as estimates of mining assets, are based solely on the assumptions developed by Odyssey that it believes are reasonable based upon information available to Odyssey as of the date of this release. All projections and estimates are subject to material

uncertainties, and should not be viewed as a prediction or an assurance of actual future performance. The validity and accuracy of Odyssey's projections will depend upon unpredictable future events, many of which are beyond Odyssey's control and, accordingly, no assurance can be given that Odyssey's assumptions will prove true or that its projected results will be achieved.

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

	(Unaudited)	
	September 30, 2014	December 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$3,711,573	\$21,322,257
Restricted cash	664,348	10,685,732
Accounts receivable and other, net	6,420,437	207,005
Inventory	676,367	314,738
Other current assets	598,349	1,080,364
<b>Total current assets</b>	<b>12,071,074</b>	<b>33,610,096</b>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment and office fixtures	24,757,344	21,995,031
Building and land	4,783,687	4,756,306
Accumulated depreciation	(20,735,130)	(16,973,085)
<b>Total property and equipment</b>	<b>8,805,901</b>	<b>9,778,252</b>
<b>NON-CURRENT ASSETS</b>		
Inventory	5,131,223	5,206,318
Other non-current assets	1,289,802	2,865,941
<b>Total non-current assets</b>	<b>6,421,025</b>	<b>8,072,259</b>
<b>Total assets</b>	<b>\$27,298,000</b>	<b>\$51,460,607</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$3,832,010	\$3,472,612
Accrued expenses and other	3,212,858	5,294,420
Derivative liabilities	1,125,749	970,823
Deferred income and revenue participation rights	1,840,404	1,840,404
Mortgage and loans payable	9,363,313	16,369,582
<b>Total current liabilities</b>	<b>19,374,334</b>	<b>27,947,841</b>

<b>LONG-TERM LIABILITIES</b>		
Mortgage and loans payable	7,980,758	5,662,226
Deferred income and revenue participation rights	4,643,750	4,643,750
Total long-term liabilities	12,624,508	10,305,976
Total liabilities	31,998,842	38,253,817
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock -- \$.0001 par value; 9,675,200 shares authorized; none outstanding	—	—
Preferred stock series D convertible -- \$.0001 par value; 134,800 shares authorized; 32,400 issued and outstanding	3	3
Common stock - \$.0001 par value; 150,000,000 shares authorized; 85,321,842 and 83,882,577 issued and outstanding, respectively	8,532	8,388
Additional paid-in capital	197,841,727	193,272,576
Accumulated deficit	(197,183,901)	(175,954,138)
Total stockholders' equity before non-controlling interest	666,361	17,326,829
Non-controlling interest	(5,367,203)	(4,120,039)
Total stockholders' equity	(4,700,842)	13,206,790
Total liabilities and stockholders' equity	\$27,298,000	\$51,460,607

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2014</b>	<b>September 30, 2013</b>	<b>September 30, 2014</b>	<b>September 30, 2013</b>
<b>REVENUE</b>				
Artifact sales and other	\$95,046	\$5,534,933	\$982,912	\$6,565,579
Exhibit	25,000	19,527	51,484	100,218
Expedition	—	—	—	5,480
Total revenue	120,046	5,554,460	1,034,396	6,671,277
<b>OPERATING EXPENSES</b>				
Cost of sales - artifacts and other	27,026	169,573	204,516	410,357
Marketing, general and administrative	2,782,362	4,670,196	8,191,210	10,390,087
Operations and research	5,114,499	4,159,412	14,957,889	19,403,757
Total operating expenses	7,923,887	8,999,181	23,353,615	30,204,201

INCOME (LOSS) FROM OPERATIONS	(7,803,841)	(3,444,721)	(22,319,219)	(23,532,924)
OTHER INCOME (EXPENSE)				
Interest income	557	4,074	25,194	6,829
Interest expense	(268,892)	(894,076)	(931,819)	(2,883,617)
Change in derivative liabilities fair value	305,841	870,453	676,820	2,206,642
(Loss) from unconsolidated entity	—	—	(522,500)	—
Other	92,497	114,980	113,540	139,667
Total other income (expense)	130,003	95,431	(638,765)	(530,479)
(LOSS) BEFORE INCOME TAXES	(7,673,838)	(3,349,290)	(22,957,984)	(24,063,403)
Income tax benefit (provision)	—	(235,249)	481,055	(335,991)
NET (LOSS) BEFORE NON-CONTROLLING INTEREST	(7,673,838)	(3,584,539)	(22,476,929)	(24,399,394)
Non-controlling interest	258,714	2,653,146	1,247,166	2,906,646
NET (LOSS)	\$ (7,415,124)	\$ (931,393)	\$ (21,229,763)	\$ (21,492,748)
NET (LOSS) PER SHARE				
Basic and diluted	\$ (0.09)	\$ (0.01)	\$ (0.25)	\$ (0.27)
Weighted average number of common shares outstanding with participating securities per the two-class method				
Basic	85,271,429	80,252,203	84,706,367	78,991,192
Diluted	85,271,429	80,252,203	84,706,367	78,991,192

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You are subscribed to Odyssey Marine Exploration, Inc. Investor Relations' e-mail alerts as [robert.yorke@btinternet.com](mailto:robert.yorke@btinternet.com).

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