# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

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# FORM 10-K

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**(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, 2017**

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

**Commission File Number 001-31895**

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# ODYSSEY MARINE EXPLORATION, INC.
**(Exact name of registrant as specified in its charter)**

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| **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 and zip code of principal executive offices)**

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

**Securities registered pursuant Section 12(b) of the Act:**

| **Common Stock, $.0001 par value** | **NASDAQ Capital Market** |
|---|---|
| **(Title of each class)** | **(Name of each exchange on which registered)** |

**Securities registered pursuant to Section 12(g) of the Act: None**

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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 ☒

Indicate by mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| Large accelerated filer | ☐ | Accelerated filer | ☐ |
|---|---|---|---|

| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☒ |
| --- | --- | --- | --- |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 7.9 million shares of voting stock held by non-affiliates of Odyssey Marine Exploration, Inc. as of June 30, 2017 was approximately $28.5 million. As of February 25, 2018, the Registrant had 8,466,909 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 Stockholders to be held on June 5, 2018.

TABLE OF CONTENTS


| | | Page |
|---|---|---|
| | **PART I** | |
| Item 1. | Business | 1 |
| Item 1A. | Risk Factors | 6 |
| Item 1B. | Unresolved Staff Comments | 10 |
| Item 2. | Properties | 10 |
| Item 3. | Legal Proceedings | 11 |
| Item 4. | Mine Safety Disclosures | 11 |
| | **PART II** | |
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 12 |
| Item 6. | Selected Financial Data | 13 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 13 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 27 |
| Item 8. | Financial Statements and Supplementary Data | 27 |
| Item 9. | Changes in and Disagreements With Accountants on Accounting and Financial Disclosure | 27 |
| Item 9A. | Controls and Procedures | 27 |
| Item 9B. | Other Information | 28 |
| | **PART III** | |
| Item 10. | Directors, Executive Officers and Corporate Governance | 28 |
| Item 11. | Executive Compensation | 28 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 28 |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence | 28 |
| Item 14. | Principal Accounting Fees and Services | 28 |
| | **PART IV** | |
| Item 15. | Exhibits and Financial Statement Schedules | 29 |
| **EXHIBITS INDEX** | | 71 |
| **SIGNATURES** | | 73 |

***As used in this Annual Report on Form 10-K, "we," "us," "our company" and "Odyssey" mean Odyssey Marine Exploration, Inc. and our subsidiaries, unless the context indicates otherwise.***

## 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, as amended, and Section 21E of the Securities Act of 1934, as amended. 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," "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 our "RISK FACTORS" in Item 1A and elsewhere in this report. Accordingly, readers of this Annual Report on Form 10-K should consider these factors in evaluating an investment in our securities and are cautioned not to place undue reliance on the forward-looking statements contained herein. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events unless otherwise specifically indicated, except as required by law.

Except as otherwise specifically indicated, all information in this Annual Report on Form 10-K has been retroactively adjusted to give effect to a 1-for-12 reverse stock split that was effective on February 19, 2016.

## ITEM 1. BUSINESS

### Overview

Odyssey Marine Exploration, Inc. is a world leader in deep-ocean exploration. The discovery, development and extraction of deep-ocean minerals is the company's core focus. Our innovative techniques are also applied to shipwreck cargo recovery and other marine survey and exploration charter services. We have numerous projects in various stages of development around the world from both our own portfolio as well as through third-party contracts.

We have extensive experience discovering shipwreck sites in the deep ocean and conducting archaeological excavations with remotely operated vehicles ("ROVs"). We have worked on some of the most historically important shipwreck projects to be discovered including the SS *Republic*, HMS *Victory* (1744), the SS *Central America* and *La Marquis de Tourny*. Odyssey also has considerable experience conducting cargo recovery operations from 20th century shipwrecks in the deep ocean. Between 2012 and 2013, we recovered over 110 tons of silver cargo, representing 99% of the insured cargo, from the SS *Gairsoppa,* which was located nearly three miles deep. This was one of the largest and heaviest recoveries from a shipwreck in history. Odyssey is the exclusive provider of shipwreck search and recovery services for Magellan Offshore Services ("Magellan"). Odyssey also performs marine services for other customers, including private clients and governments.

In 2010, we began to leverage our core business expertise and technology for deep-ocean mineral exploration. Our expeditions conducted for Neptune Minerals, Inc. and Chatham Rock Phosphate, Ltd. resulted in the assessment of significant mineral deposits. We are also developing and exploring our own deep-ocean mineral projects. Through our majority stake in Oceanica Resources S. de. R.L., a Panamanian company ("Oceanica"), we control Exploraciones Oceanicas, S. De R.L. De C.V. ("ExO"), a Mexican company that has exclusive mining permits for an area known as the "Don Diego" deposit that contains large amounts of mineralized phosphate material. Our team performed all of the off-shore exploration to find and validate the mineralized phosphate deposit and is managing the environmental studies and environmental permit application process with ExO. The phosphate deposit is one of the largest to be identified and is expected to be important to the regional and international fertilizer markets and is strategically important to Mexico and North America.

### Deep-Ocean Mineral Exploration

Our mineral exploration and development program leverages the 20+ years' experience we have mapping the ocean floor in search of shipwrecks. The technology and team was seamlessly applied to successfully locate mineral deposits on the ocean floor worldwide. Our expert team boasts some of the industry's most experienced ocean explorers and geologists utilizing an extensive array of advanced deep-ocean technology resulting in the cost-efficient exploration and assessment of seabed minerals.

Our capabilities allow us to perform precision geophysical and geotechnical surveys, detailed mapping, sampling, environmental assessments and resource evaluations.

We offer exploration services, including geophysical and geotechnical assessments of seabed mineral deposits, to companies, including our subsidiaries and companies in which we hold an equity position, as a resource development partner. When performing mineral exploration services, we may receive payments in the form of cash for services, equity interests in the contracting company, or financial interests in the tenement.

There are three economically significant types of seabed mineral deposits being evaluated or explored by Odyssey:

**Phosphorites** - Phosphorite deposits are mineral occurrences that are recovered primarily for their phosphate material. Phosphorites may be present on the seabed or in the stratigraphic column. Phosphate is an agriculturally important mineral used primarily for crop fertilization, though a variety of uses exist for phosphate and phosphorus, the significant element in phosphate. Phosphorites exist in a wide range of depositional environments. Several factors contribute to the formation of phosphorites, including a supply of phosphorus, present or pre-existing complex oceanographic circulation patterns, and a proper sedimentological setting. Generally, phosphorites are targeted on continental shelves and slopes, though phosphorites do occur on oceanic seabed features such as guyots (flat-topped seamounts).

**Polymetallic nodules** - These nodular concretions are found on the seabed and consist of concentric layers of iron and manganese hydroxides. Nodules generally consist primarily of either manganese or iron. Manganese nodules can contain up to 30% manganese as well as other valuable metals and minerals, while iron nodules generally contain a mixture of iron, silicon, and aluminum ore. Polymetallic nodules are found at the seabed interface in oceans worldwide. Nodules must exhibit proper metal content and exist in sufficient concentration to be of potential economic interest. Some areas hosting economically viable nodules include the Clarion-Clipperton Fracture Zone between Hawaii and Mexico, the Peru Basin, and the northern Indian Ocean.

**Seafloor Massive Sulphides (SMS)** – SMS deposits are found on the ocean floor and contain copper, zinc, gold, silver and other trace metals. SMS deposits are found in areas of active or complex tectonic or volcanogenic activity, such as near oceanic spreading centers (such as the Mid-Atlantic Ridge and East Pacific Rise), back-arc basins (such as the Manus Basin in Papua New Guinea waters) and submarine arc volcanic chains (such as Kermadec Arc in New Zealand waters).

**Deep-Ocean Shipwreck Exploration**

During the past 20 years, we amassed a large private database and research library of target shipwrecks, developed and acquired proprietary deep-ocean equipment and tools, and built a team of knowledgeable experts to execute off-shore projects. Over that time, we conducted shipwreck search and cargo recovery work on our own behalf and under contract to third parties. On December 10, 2015, we sold the shipwreck database and research library to Monaco Financial LLC's affiliate Magellan while still retaining our equipment, tools, and specialized offshore team members. As part of the Acquisition Agreement with Monaco, Magellan agreed to exclusively hire Odyssey on a "cost plus" basis for any shipwreck search and recovery projects conducted through 2020 with the option to extend the contract. Magellan will also pay us 21.25% of the net proceeds from any monetization of recovered cargo. As part of the Acquisition Agreement, four pre-existing projects, including the HMS *Victory* (1744) and HMS *Sussex,* were retained by us. Magellan may participate in funding the recovery costs of these projects in the future. If funding is provided, Magellan will have the right to receive up to 50% of our net proceeds, if any.

We have extensive experience and abilities in key functional areas required for success in the shipwreck business, such as research, conservation, documentation and exhibit of rare artifacts and publication of archaeological excavation. We expect to conduct these services under contract to Magellan or its affiliates for their projects as well.

**Offshore Services**

We own specialized marine services survey and recovery equipment that we mobilize for customers on owned or leased vessels. This proprietary equipment is operated by our technical team when conducting operations worldwide. This allowed us to launch the CLIO Offshore services program, increasing the utilization and leverage of the technical team and assets between our projects. CLIO Offshore is focused on third-party survey, remotely operated vehicle (ROV) and recovery projects down to 6,000 meters in depth. This program also offers services for deep-ocean resource explorations, ship and airplane wreck explorations, archaeological recovery and conservation and insurance documentation.

Table of Contents

**Operational Projects and Status**

We have numerous deep-ocean projects in various stages of development around the world. In order to protect the targets of our planned search or recovery operations, in some cases we may defer disclosing specific information relating to our projects until we have located a shipwreck or other potentially valuable sources of interest and determined a course of action to protect our property rights. With respect to mineral deposits, SEC Industry Guide 7 outlines the Securities and Commission's basic mining disclosure policy and what information may be disclosed in public filings. With respect to shipwrecks, the identity of the ship may be indeterminable and the nature and amount of cargo may be uncertain, thus before completing any recovery, specific information about the project may be unavailable. If work is conducted on behalf of a client, release of information may be limited by the client. Although Odyssey has a variety of projects in various stages of development, only projects with operational activity in the past 12 months are included below.

**Subsea Mineral Mining Exploration Projects**

**Oceanica Resources, S. de R.L.**

In February 2013, we disclosed Odyssey's ownership interest, through Odyssey Marine Enterprises, Ltd., a wholly owned Bahamian company ("Enterprises"), in Oceanica Resources, S. de R.L., a Panamanian company ("Oceanica"), and Exploraciones Oceanicas, S. De R.L. De C.V. ("ExO"), a subsidiary of Oceanica. ExO is in the business of mineral exploration and controls exclusive permits in an area in Mexican waters that contains a large amount of phosphate mineralized material (known as the "Don Diego" deposit). Phosphate is a key ingredient of fertilizers. In March 2014, Odyssey completed a first NI 43-101 compliant report on the deposit and periodically updates this report. The Don Diego deposit is currently our main mineral project, and success of this project is important to Odyssey's future. Odyssey believes that the Don Diego deposit contains a large amount of high-grade phosphate rock that can be extracted on a financially attractive basis (essentially a dredging operation) and that the product will be attractive to Mexican and other world producers of fertilizers.

ExO has conducted extensive scientific testing of the mineralized phosphate material and of the environmental impact of recovering the mineralized material from the seafloor. ExO has been working with leading environmental experts on the impact assessment and permitting process, with Royal Boskalis Westminster N.V on the extraction and processing program, and with JPMorgan and the AHMSA group of companies on the strategic growth alternatives.

ExO applied for and was granted additional mining concession areas by the Mexican government. These additional areas are adjacent to the zones with the highest concentration of mineralization in the original mining concession area. ExO also relinquished certain parts of the granted concession areas where the mineral concentration levels were less attractive for mining purposes.

In September 2014, ExO reported that the EIA for proposed dredging and recovery of phosphate sands from the Don Diego deposit had been filed with the Mexican Secretary of Environment and Natural Resources (SEMARNAT). Approval of this EIA application is needed in order to obtain an environmental permit to begin the commercial extraction of phosphate from the tenement area. In November 2014, SEMARNAT held a public hearing on the EIA in Mexico and asked supplemental questions to Oceanica on its EIA application. In full compliance with the SEMARNAT process, a response to the questions was filed in March 2015. In addition to providing supplemental scientific information and studies, the response included additional mitigation and economic considerations to reinforce ExO's commitment to being good corporate citizens and stewards of the environment. In June 2015, ExO withdrew its EIA application to allow additional time for review and regional briefings. The EIA was re-submitted in June 2015, and additional information was filed in August 2015. A public hearing on this application was conducted by SEMARNAT on October 8, 2015, additional questions were received from SEMARNAT in November 2015, and ExO's responses to the questions were filed with SEMARNAT on December 3, 2015. On April 8, 2016, SEMARNAT denied the application for this environmental license as presented. On March 21, 2018, the Superior Court of the Federal Court of Administrative Justice in Mexico ruled unanimously in favor of our subsidiary, ExO, nullifying the April 2016 denial of the environmental license application for the extraction of phosphate sand from the Don Diego deposit. To move to the next phase of development of the deposit, we need the approval of this environmental permit application.

Enterprises initially held 77.6 million of Oceanica's 100.0 million outstanding shares. Subsequently, Enterprises sold and transferred to Mako Resources, LLC ("Mako") 15.0 million shares for a purchase price of $1.00 per share, or $15.0 million, and granted Mako options to purchase an additional 15.0 million shares at the purchase price of $2.50 per share before December 31, 2013.

In June 2013, Mako agreed to exercise a portion of these options to purchase 8.0 million shares at a reduced exercise price of $1.25 per share. As part of Odyssey's strategy to maintain a control position in Oceanica, in parallel with the early exercise, Enterprises purchased 1.0 million shares of Oceanica from another Oceanica shareholder at $1.25 per share. This transaction also provided Odyssey voting rights on an additional 3.0 million shares of Oceanica held by such other Oceanica shareholder so long as there is no change in control of Odyssey.

An option to purchase an additional 1.0 million shares was exercised by Mako on December 30, 2013 for a total amount of $2.5 million. The options on the remaining 6.0 million shares were extended in 2014 and 2015. On March 11, 2015, these options were terminated in exchange for the issuance of 4.0 million shares of our common stock to Mako. In August 2014, we entered into a loan agreement with Monaco Financial, LLC, a marketing partner. Under terms of that agreement, Monaco may convert all or part of the loan balance into Oceanica shares held by us to purchase Oceanica shares from us at a pre-defined price (See NOTE I). This loan was amended on December 10, 2015 and again in March 2016, extending the maturity date of the loan to April 1, 2018 and allowing Monaco to retain the call option on the $10 million worth of Oceanica shares held by Odyssey until April 1, 2018. In March 2015, Odyssey entered into a loan arrangement with Minera del Norte, S.A. de C.V. ("MINOSA") whereby Odyssey pledged all of its shares in Oceanica as collateral for a $14.75 million loan from MINOSA. The MINOSA loan has been amended several times and matured December 31, 2017, coupled with other stipulations, see NOTE I in ITEM 8 for further information.

**Shipwreck Exploration Projects**

Odyssey began conducting offshore services for our shipwreck business partner, Magellan Offshore Services, in 2016. In 2017 the search and inspection phase of a major shipwreck project covering multiple valuable targets was successfully completed. Recovery operations are currently underway on this project. The master services agreement governing this project states Odyssey will be paid cost plus a specified mark-up and Odyssey will receive 21.25% of net returns, if any, from this project.

**Other Projects**

Odyssey offers its marine exploration services to third party companies. This may be for mineral exploration, environmental studies, shipwreck search and recovery, subsea surveys, and other off-shore work requiring specialized vessels, equipment and personnel.

**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.

To the extent that we engage in mineral exploration or shipwreck search and recovery activities in the territorial, contiguous or exclusive economic zones of countries, Odyssey works to comply with verifiable applicable regulations and treaties.

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 knowledge and skills to help manage these resources.

Related to mineral exploration, we will evaluate the political climate and specific legal requirements of any areas in which we are working. We may partner with third parties who have unique industry experience in specific geographical areas to assist with navigation of the regulatory landscape.

**Competition**

Odyssey conducts mineral exploration on both shallow and deep-sea terrains. There are a number of companies that publicly identify themselves as engaged in aspects of deep-ocean mineral exploration or mining, including Nautilus Minerals (NUS.TO), Neptune Minerals, Deep Green Resources, Inc. and Chatham Rock Phosphate, Ltd. (CRP.NZ) as well as countries that are exploring options to mine deep-ocean mineralized materials. As our mineral exploration business plan

includes partnering with others in the industry, we view these entities as potential partners rather than pure competitors. As mineral rights are generally granted on an exclusive basis for a specific area or tenement, once licenses are granted we do not anticipate any competitive intrusion on those areas. It is possible that one of these companies or some currently unknown group may secure licenses on an area desired by Odyssey or one of our partners; but since exploration work does not start until licenses are secured, we do not believe that competition from one or more of these entities, known or unknown, would materially affect our operating plan or alter our current business strategy. For offshore mineral exploration, there are providers of vessels and equipment that could be competitors or partners for certain projects. These include companies such as Fugro NV and Royal Boskalis Westminster N.V.

Odyssey shipwreck recovery projects are focused on deep-sea sites where competition is limited due to the expertise and specialized equipment needed to operate at such depths. There are a number of companies that publicly identify themselves as engaged in aspects of the shipwreck business, but they do not compete directly with us as an established deep-ocean archaeological shipwreck exploration company. These entities include, but are not limited to, Blue Water Ventures, Blue Water Recoveries, Britannia's Gold, Ocean Infinity, Mel Fisher's Treasures, Deep Blue Marine, Marine Exploration, Inc., Oceanic Research and Recovery, Seafarer Exploration, Sub Sea Research, Earth Dragon Resources, Endurance Exploration Group and UnderSea Recovery Corporation. Some companies, such as Swire Seabed, Phoenix International Holdings Inc. and Oceaneering International Inc. may provide deep-sea services to groups seeking to pursue deep sea projects. It is possible that one of these companies or some currently unknown group may locate and recover a shipwreck on our project roster; however, we do not believe that competition from one or more of these entities, known or unknown, would materially affect our operating plan or alter our current business strategy.

**Cost of Environmental Compliance**

With the exception of marine operations, 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 vessels we may utilize. The cost of such coverage is minimal on an annual basis. Our seabed mineral business is currently in the exploration and validation phase and has thus not exposed us to environmental risks or hazards.

**Executive Officers of the Registrant**

The names, ages and positions of all the executive officers of the Company as of March 1, 2018 are listed below.

Mark D. Gordon (age 57) has served as Chief Executive Officer since October 1, 2014, as President since October 2007 and was appointed to the Board of Directors in January 2008. Previously, Mr. Gordon served as Chief Operating Officer since October 2007 and as Executive Vice President of Sales and Business Development since January 2007 after joining Odyssey as Director of Business Development in June 2005. Prior to joining Odyssey, Mr. Gordon owned and managed four different ventures (1987-2003).

Jay A. Nudi, CPA (age 54) has served as Chief Financial Officer since June 2017, as Principal Accounting Officer since January 2006 and joined Odyssey as Controller in May 2005. Mr. Nudi previously assumed the additional responsibilities of Interim Chief Financial Officer on June 8, 2016 and of Treasurer in May 2010. Prior to joining Odyssey, Mr. Nudi served as Controller for The Axis Group in Atlanta (2003-2004).

John D. Longley, Jr. (age 51) has served as Chief Operating Officer since October 1, 2014. Previously Mr. Longley served as Executive Vice President of Sales and Business Development since February 2012. Mr. Longley was originally the Director of Sales and Business Operations when he joined the Company in May 2006.

Laura L. Barton (age 55) was appointed as Executive Vice President and Director of Communications in June 2012 and formerly served at Vice President and Director of Corporate Communications from November 2007 to June 2012. She was appointed Corporate Secretary in June 2015. Ms. Barton previously served as Director of Corporate Communications and Marketing for Odyssey since July 2003. Ms. Barton was previously President of LLB Communications, a marketing and communications consulting company whose customers included a variety of television networks, stations and distributors and the Company (1994-2003).

**Employees**

As of December 31, 2017, we had 17 full-time employees, most working from our corporate offices in Tampa, Florida. Additionally, we contract with specialized technicians to perform technical marine survey and recovery operations and from time to time hire subcontractors and consultants 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, *www.sec.gov*. They may be accessed as follows: *www.odysseymarine.com* (Investors/Financial Information Link).

## ITEM 1A. RISK FACTORS

*You 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. The material risks are described below and should be carefully considered in evaluating Odyssey or any investment decision relating to our securities. This section is intended only as a summary of the principal risks. If any of the following risks actually occur, our business, financial condition, or operating results could suffer. If this occurs, the trading price of our common stock could decline, and you could lose all or part of the money you paid to buy our common stock.*

***Our business involves a high degree of risk.***

With respect to mineral exploration projects, there are uncertainties with respect to the quality and quantity of the material and their economic feasibility, the price we can obtain for the sale of the deposit or the ore extracted from the deposit, the granting of the necessary permits to operate, environmental safety, technology for extraction and processing, distribution of the eventual ore product, and funding of necessary equipment and facilities. In projects where Odyssey takes a minority ownership position in the company holding the mining rights, there may be uncertainty as to this company's ability to move the project forward. An investment in Odyssey is extremely speculative and of exceptionally high risk. The quality and reliability of research and data obtained could be 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 recovery cost will exceed 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 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. Depending on the type of cargo recovered, maximizing the value of the cargo may necessitate an extended sales cycle to convert the cargo into cash. Starting on December 10, 2015, the majority of future work by us on shipwreck projects will be done as a contractor to another party. This will limit the upside for us on such projects. The contracting party may encounter many of the same risks listed above with respect to obtaining permits, retaining ownership of any recovered cargo, and monetizing the cargo. As a contractor, we are also dependent on the contracting party's ability to commence the project in a timely manner and to pay our invoices.

***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 or the contracting party have obtained. By its very nature, research and data regarding shipwrecks can be imprecise, incomplete, outdated, and unreliable. It is often composed of or affected by numerous assumptions, rumors, legends, historical and scientific inaccuracies and misinterpretations which have become a part of such research and data over time. For mineral exploration, data is collected based on a sampling technique and available data may not be representative of the entire ore body or tenement area. Prior to conducting off-shore exploration, we typically conduct on-shore research. There is no guarantee that the models and research conducted on-shore will be representative of actual results on the seafloor. Off-shore exploration typically requires significant expenditures, with no guarantee that the results will be useful or financially rewarding.

***Operations may be affected by natural hazards.***

Underwater exploration and 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 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 that adversely affect our operations. It is also possible that natural hazards may prevent or significantly delay search and recovery operations. Seabed mineral extraction work may be subject to interruptions resulting from storms that impact the extraction operations or the ports of delivery.

***We may be unable to establish our rights to resources or items we discover or recover.***

Persons and entities other than Odyssey and entities we are affiliated with (both private and governmental) may claim title to the shipwrecks and/or valuable cargo that we may recover. Even if we are successful in locating and recovering shipwrecks and/or valuable cargo, we or our client may not be able to establish our rights to property recovered if challenged by governmental entities, prior owners, or other attempted salvors claiming an interest therein. In such an event we may not receive our share of anticipated proceeds although we would still be paid for our work when conducting operations for a client. We may discover potentially valuable seabed mineral deposits, but we may be unable to get title to the deposits or get the necessary governmental permits to commercially extract the minerals. Shipwrecks or mineral deposits may be in controlled waters where the policies and laws of a certain government may change abruptly, thereby impacting our ability to operate in those zones.

***The market for any objects or minerals 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 certain 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 and/or valuable cargo located and recovered by others could depress the market. During the time between the date a mineral deposit is discovered and the date the first extracted minerals are sold, world and local prices for the mineral may fluctuate drastically and thereby change the economics of the mineral project.

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

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 valuable items recovered cannot be guaranteed. Delays in the disposition of such items could adversely affect the profitability of projects or cash flow. It may take significant time between the date a mineral deposit is discovered and the date the first extracted minerals are sold. Stakes in the mineral deposits can potentially be sold at an earlier date, but there is no guarantee that there will be readily available buyers at favorable competitive prices.

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

Legal, political or civil issues of governments throughout the world could restrict access to our operational marine sites or interfere with our marine operations or rights to seabed mineral deposits. In many countries, the legislation covering ocean exploration lacks clarity. As a result, when we are conducting projects in certain areas of the world for our own account or on our behalf of a contracting party, we may be subjected to unexpected delays, requests, and outcomes as it works with local governments to define and obtain the necessary permits and to assert its claims over assets on the seafloor bottom. Our vessel, equipment, personnel and or cargo could be seized or detained by government authorities. We may have to work with different units of a government, and there may be a change of government representatives over time. This may result in unexpected changes or interpretations in government contracts and legislation.

***Objects we recover could be stolen from us.***

If we locate a shipwreck and assert a valid claim to items of value on our behalf or other behalf of a contracting party, there is a risk of theft of such items at sea by “pirates” or poachers before or after the recovery or while in transit to a safe destination as well as when stored in a secured location. Such thefts may not be adequately covered by insurance.

***We may be unable to get permission to conduct salvage operations, conduct exploration, or perform extraction operations.***

It is possible we will not be successful in obtaining title or permission to excavate certain wrecks, conduct exploration work, or conduct extraction operations. In addition, permits that are sought for the projects may never be issued, and if issued, may be revoked or not honored by the entities that issued them. In addition, certain governments may develop new permit requirements that could delay new operations or interrupt existing operations.

***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 or sell certain assets. In any of these events our costs may increase, and we may have significant charges associated with the write-down of assets. Discontinuing the use of a multi-year charter of a ship may result in large one-time costs to cover any penalties or charges to put the ship back into its original condition. In December 2015, we sold our shipwreck-related assets in an agreement which will limit our up-side on certain future shipwrecks and limit our ability to conduct new shipwreck projects.

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

Our ability to generate cash inflows is dependent upon our ability to recover and monetize high-value shipwrecks, large quantities of minerals or mineral rights or chartering or leasing marine exploration vessels or equipment. However, we cannot guarantee that the sales of our products and other available cash sources will generate sufficient cash inflows to meet our overall cash requirements. If cash inflows are 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 in the future.

***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 the majority of our key employees. We may not be able to retain highly qualified employees in the future which could adversely affect our business.

***We may continue to experience significant losses from operations.***

We have experienced a net loss in every fiscal year since our inception except for 2004. Our net losses were $7.8 million in 2017, $6.3 million in 2016 and $18.2 million in 2015. Even if we do generate operating income in one or more quarters in the future, subsequent developments in our industry, customer base, business or cost structure or an event such as significant litigation or a significant transaction may cause us to again experience operating losses. We may not become profitable for the long-term, or even for any quarter.

***Technological obsolescence of our marine assets or failure of critical equipment could put a strain on our capital requirements or operational capabilities.***

We employ state-of-the-art technology including side-scan sonar, magnetometer, ROVs, and other advanced science and technology to locate and recover shipwrecks at depths previously unreachable and perform seabed mineral exploration in an economically feasible manner. Although we try to maintain back-ups on critical equipment and components, equipment failures may require us to delay or suspend operations. Also, while we endeavor to keep marine equipment in excellent working condition and current with all available upgrades, technological advances in new equipment may provide superior efficiencies compared to the capabilities of our existing equipment, and this could require us to purchase new equipment which would require additional capital.

***We may not be able to contract with clients or customers for marine services or syndicated projects.***

In the past, from time to time, we have earned revenue by chartering out vessels, equipment and crew and providing marine services to clients or customers. Even if we do contract out our services, the revenue may or may not be sufficient to cover administrative overhead costs. While the operational results of these syndicated projects are generally successful, the clients or customers may not be willing or financially able to continue with syndicated projects of this type in the future. Failure to secure such revenue producing contracts in the future may have a material impact on our revenue and operating cash flows. We may take payment for these services in the form of cash, shares in the client’s company, or a financial interest in the tenement areas. There is no guarantee that the non-cash payment for our services will ever be able to be monetized or be used by Odyssey.

***The issuance of shares at conversion prices lower than the market price at the time of conversion and the sale of such shares could adversely affect the price of our common stock.***

Some of our outstanding shares may have been acquired from time to time upon conversion of convertible notes at conversion prices that are lower than the market price of our common stock at the time of conversion. In the past, Odyssey has issued debt obligations that could be converted into common shares at prices below the market price. Conversion of the notes at conversion prices that are lower than the market price at the time of conversion and the sale of the shares issued upon conversion could have an adverse effect upon the market price of our common stock.

***Investments in subsea mineral exploration companies may prove unsuccessful.***

We have invested in marine mineral companies that to date are still in the exploration phase and have not begun to earn revenue from operations. We may or may not have control or input on the future development of these businesses. There can be no assurance that these companies will achieve profitability or otherwise be successful in capitalizing on the mineralized materials they intend to exploit.

***We may be subject to short selling strategies***.

Short sellers of our stock may be manipulative and may attempt to drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own but rather has, supposedly, borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests for the price of the stock to decline, many short sellers (sometime known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects to create negative market momentum and generate profits for themselves after selling a stock short. Although traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the rise of the Internet and technological advancements regarding document creation, videotaping and publication by weblog ("blogging") have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called "research reports" that mimic the type of investment analysis performed by large Wall Street firms and independent research analysts. These short attacks have, in the past, led to selling of shares in the market, on occasion in large scale and broad base. Issuers who have limited trading volumes and are susceptible to higher volatility levels than large-cap stocks, can be particularly vulnerable to such short seller attacks. These short seller publications are not regulated by any governmental, self-regulatory organization or other official authority in the U.S., are not subject to certification requirements imposed by the Securities and Exchange Commission and, accordingly, the opinions they express may be based on distortions or omissions of actual facts or, in some cases, fabrications of facts. In light of the limited risks involved in publishing such information, and the enormous profit that can be made from running just one successful short attack, unless the short sellers become subject to significant penalties, it is more likely than not that disclosed short sellers will continue to issue such reports.

***Some of our equipment or assets could be seized or we may be forced to sell certain assets***

We have pledged certain assets, such as equipment and shares of subsidiaries, as collateral under our loan agreements. Some suppliers have the ability to seize some of our assets if we do not make timely payments for the services, supplies, or equipment that they have provided to us. If we were unable to make payments on these obligations, the lender or supplier may seize the asset or force the sale of the asset. The loss of such assets could interrupt our operations. The sale of the asset may be done in a manner and under circumstances that do not provide the highest cash value for the sale of the asset.

***We could be delisted from the NASDAQ Capital Market.***

Our common stock is listed on the NASDAQ Capital Market, which imposes, among other requirements, a minimum bid requirement. The closing bid price for our common stock must remain at or above $1.00 per share to comply with NASDAQ's minimum bid requirement for continued listing. If the closing bid price for our common stock is less than $1.00 per share for 30 consecutive business days, NASDAQ may send us a notice stating we will be provided a period of 180 days to regain compliance with the minimum bid requirement or else NASDAQ may make a determination to delist our common stock.

Another requirement for continued listing on the NASDAQ Capital Market is to maintain our market capitalization above $35.0 million. On November 14, 2017 we received communication from NASDAQ notifying us our market capitalization had been below the minimum of $35.0 million for 30 consecutive days. Accordingly, NASDAQ provided us a period of 180 calendar days, until May 14, 2018, to regain compliance. We regained compliance March 7, 2018. The is no guaranty a $35.0 million market capitalization can be maintained.

Failure by the company to maintain compliance with the above-mentioned and other NASDAQ continued listing requirements may lead to the delisting of the company from the NASDAQ Capital Market. Delisting from the NASDAQ Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. If our common stock is delisted by NASDAQ, our common stock may be eligible to trade on an over-the-counter quotation system, where an investor may find it more difficult to sell our stock or obtain accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from the NASDAQ Capital Market, will be listed on another national securities exchange or quoted on an over-the counter quotation system.

***Our insurance coverage may be inadequate to cover all of our business risks***.

Although we seek to obtain insurance for some of our main operational risks, there is no guarantee that the insurance policies that we have are sufficient, that they will be in place when needed, that we will be able to obtain insurance coverage when desired, that insurance will be available on commercially attractive terms, or that we will be able to anticipate the risks that need to be insured. For example, although we may be able to obtain War Risk coverage for a project at a specific date and location, such insurance may be unavailable at other times and locations. Although we may be able to insure our marine assets for certain risks such as certain possible loss or damage scenarios, we may lack insurance to cover against government seizure or detention of our certain marine assets. Permanent loss or temporary loss of our marine assets and the associated business interruption without commensurate compensation from an insurance policy could severely impact the financial results and operational capabilities of the company.

***We may be exposed to cyber security risks.***

We depend on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and among ourselves within our company. Additionally, one of our significant responsibilities is to maintain the security and privacy of our confidential and proprietary information and the personal data of our employees. Our information systems, and those of our service and support providers, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Computer viruses, hackers and other external hazards, as well as improper or inadvertent staff behavior could expose confidential company and personal data systems and information to security breaches. Techniques used to obtain unauthorized access or cause system interruption change frequently and may not immediately produce signs of intrusion. As a result, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures. With respect to our commercial arrangements with service and support providers, we have processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, we remain at risk of a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, the breakdown of a vendor's data protection processes, or a cyber-attack on a vendor's information systems or our information systems.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

We maintain our offices in Tampa, Florida where we lease 11,772 square feet of office space. This corporate office space is located in a building that we previously owned. We lease our corporate office space from Monaco Financial, LLC, a related party, for $20,080 per month. We currently do not own any buildings or land. We believe our current leased facility is sufficient for our foreseeable needs.

## ITEM 3. LEGAL PROCEEDINGS

The Company is not currently a party to any litigation. From time to time in the ordinary course of business, we may be subject to or may assert a variety of claims or lawsuits.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

Table of Contents

PART II

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

**Price Range of Common Stock**

Our common stock is listed on the NASDAQ Capital Market under the symbol OMEX. The following table sets forth the high and low sale prices for our common stock during each quarter presented.

| | Price (1) | |
|---|---|---|
| | **High** | **Low** |
| **Quarter Ended** | | |
| March 31, 2016 | $7.29 | $1.80 |
| June 30, 2016 | $9.36 | $1.85 |
| September 30, 2016 | $4.39 | $2.00 |
| December 31, 2016 | $5.07 | $3.16 |
| **Quarter Ended** | | |
| March 31, 2017 | $5.79 | $3.25 |
| June 30, 2017 | $4.56 | $2.98 |
| September 30, 2017 | $5.00 | $3.39 |
| December 31, 2017 | $4.82 | $3.17 |

(1) These prices have been adjusted to reflect a 1-for-12 reverse stock split that became effective on February 19, 2016.

**Approximate Number of Holders of Common Stock**

The approximate number of record holders of our common stock at January 25, 2018 was 180. This does not include stockholders that hold their stock in accounts included in street name with broker/dealers which approximates 9,400 stockholders.

**Dividends**

Holders of our 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 stock and none are anticipated in the foreseeable future.

**Unregistered Sales of Equity Securities**

There were no unregistered sales of equity securities of the Company's common stock during the year ended December 31, 2017.

**Issuer Purchases of Equity Securities**

There were no repurchases of shares of the Company's common stock during the year ended December 31, 2017.

## ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data, which should be read in conjunction with the Company's Consolidated 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 have been derived from the Company's audited financial statements.

| Dollars in thousands except per share amounts | Years Ended December 31, 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Results of Operations** | | | | | |
| Revenue | $ 1,248 | $ 4,683 | $ 5,330 | $ 1,323 | $ 23,914 |
| Net income (loss) | (7,759) | (6,316) | (18,207) | (26,473) | (10,741) |
| Earnings (loss) per share – basic | (0.95) | (0.84) | (2.46) | (3.74) | (1.61) |
| Earnings (loss) per share – diluted | (0.95) | (0.84) | (2.46) | (3.74) | (1.61) |
| Cash dividends per share | — | — | — | — | — |
| **Financial Position** | | | | | |
| Assets | $ 2,972 | $ 5,084 | $ 6,913 | $ 25,090 | $ 51,461 |
| Long-term obligations | 7,644 | 8,979 | 3,141 | 11,808 | 5,662 |
| Shareholder's equity (deficit) | (37,983) | (31,103) | (25,549) | (10,404) | 13,207 |

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

The following discussion and analysis is intended to provide 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.

During February 2016, we had a 1-12 reverse stock split, See Note M. Share related amounts have been retroactively adjusted in this report to reflect this reverse stock-split for all periods presented.

### Results of Operations

The dollar values discussed in the following tables, except as otherwise indicated, are approximations to the nearest $1,000,000 and therefore do not necessarily sum in columns or rows. For more detail refer to the Financial Statements and Supplementary Data in Item 8. The tables identify years 2017, 2016 and 2015, all of which included a twelve-month period ended December 31.

### *2017 Compared to 2016*

| Increase/(Decrease)<br>(Dollars in millions) | 2017 | 2016 | 2017 vs. 2016<br>$ | <br>% |
|---|---|---|---|---|
| Total revenue | $ 1.2 | $ 4.7 | $(3.4) | 73% |
| Marketing, general and administrative | 6.2 | 7.9 | (1.7) | 23 |
| Operations and research | 3.4 | 8.3 | (4.8) | 58 |
| Gain on sale of marine assets | — | (1.0) | 1.0 | 100 |
| Total operating expenses | $ 9.6 | $15.2 | $(5.6) | 37% |
| Other income (expense) | $(2.7) | $ 1.5 | $(4.1) | 281% |
| Income tax benefit (provision) | $ 0.0 | $ 0.0 | $ 0.0 | 0% |
| Non-controlling interest | $ 3.3 | $ 2.8 | $ 0.5 | 18% |
| Net income (loss) | $(7.8) | $ (6.3) | $(1.4) | 23% |

**Revenue**

Current revenue is generated from chartering or leasing our marine exploration equipment, vessel and services. Total revenues decreased by $3.4 million in 2017 as compared to 2016. 2017 includes shipwreck explorations for Magellan while 2016 includes an executed marine survey services contract as well as shipwreck exploration services for Magellan.

**Cost and Expenses**

Marketing, general and administrative expenses primarily include all costs within the following departments: Executive, Finance & Accounting, Legal, Information Technology, Human Resources, Marketing & Communications, Sales and Business Development. Marketing, general and administrative expenses decreased from $7.9 million in 2016 to $6.2 million in 2017. The decrease of $1.8 million was primarily due to (i) a decrease of $1.9 million related personnel expenses resulting from regular, incentive and share-based compensation, (ii) an increase of $0.4 million in admiralty legal support and (iii) $0.2 million reduction in general corporate overhead supportive expenses.

Operations and research expenses primarily include all costs within Archaeology, Conservation, Exhibits, Research, and Marine Operations, which include all vessel and charter operations. For 2017, Operations and research expenses were $3.4 million compared to $8.3 million for the same period in 2016. The variance of $4.8 million was primarily due to (i) $4.3 million reduction of marine services costs which include technical crew costs as well as other marine operational costs such as equipment rental, fuel, port fees and consumables and (ii) a decrease of $0.5 million in general operations support services overhead which includes insurances, depreciation, travel and professional services. 2016 included the full-time operations of our vessel, the *Odyssey Explorer*, which was sold in mid-2016. The 2016 $1.0 gain on the sale of marine assets was due to the sale of the *Odyssey Explorer* and one other marine asset.

**Other Income or Expense**

Other income and expense has generally consisted of interest expense and derivative fair value accounting associated with certain of our convertible instruments. Other income and expense decreased from an income of $1.5 million in 2016 to an expense of $2.7 million 2017, a decrease of $4.1 million which primarily resulted from (i) 2016 included $3.4 million of fair value derivative income from accounting mainly related to the Monaco loans which is not in 2017, (ii) 2016 included $0.4 of from the MINOSA Call Option which is not in 2017 and (iii) an increase of $0.3 million of interest expense due to accretion of a beneficial conversion feature bifurcated from the Epsilon and Monaco notes and an increase in Epsilon debt principal and other financings. See NOTE I for related debt details.

**Income Taxes and Non-Controlling Interest**

We did not incur any taxes in 2017, 2016 or 2015.

Starting in 2013, we became the controlling shareholder of Oceanica. Our financial statements thus include the financial results of Oceanica and its subsidiary. Except for intercompany transactions that are eliminated upon consolidation, Oceanica's revenues and expenses, in their entirety, are shown in our consolidated financial statements. The share of Oceanica's net losses corresponding to the equity of Oceanica not owned by us is subsequently shown as the "Non-Controlling Interest" in the consolidated statements of operations. The non-controlling interest adjustment for 2017 was $3.3 million as compared to $2.8 million for 2016. The administrative support has been ongoing in support of the legal process in obtaining the environmental application for our Mexican subsidiary. This increase was mainly attributable to the compounding debt interest on our Mexican subsidiary's balance sheet.

**Liquidity and Capital Resources**

| (Dollars in thousands) | 2017 | 2016 |
|---|---|---|
| Summary of Cash Flows: | | |
| Net cash (used) by operating activities | $(5,903) | $(8,305) |
| Net cash provided by investing activities | 80 | 70 |
| Net cash provided by financing activities | 5,268 | 7,656 |
| Net (decrease) in cash and cash equivalents | $ (555) | $ (579) |
| Beginning cash and cash equivalents | 1,663 | 2,242 |
| Ending cash and cash equivalents | $ 1,108 | $ 1,663 |

**Discussion of Cash Flows**

Net cash used by operating activities in 2017 was $5.9 million, or an improvement of $2.4 million compared to 2016. The 2017 operating cash flows primarily reflected a net loss before non-controlling interest of $11.0 million offset by non-cash items of $2.0 million which include share-based compensation of $0.8 million, depreciation and amortization of $0.8 million, and other items, which includes, interest accretion, and other, for $0.4 million. Other working capital changes (including non-current assets) resulted in an increase in working capital of $3.2 million. This is primarily a result of a $1.9 million increase in accrued expense, $1.0 million increase accounts payable, $0.2 million increase in accounts receivable and $0.1 million increase in other assets. The change in accrued expenses is mainly due to the increase of accrued interest on our financial debt.

Net cash used by operating activities in 2016 was $8.3 million, or an improvement of $8.9 million compared to 2015, primarily as a result of an improvement in the net result before adjustment for the non-controlling interest. The 2016 operating cash flows primarily reflected a net loss before non-controlling interest of $9.1 million offset by non-cash items of $1.2 million which include share-based compensation of $1.7 million, depreciation and amortization of $1.1 million, change in derivative fair values of ($3.4 million), non-cash gain on sale marine equipment of ($1.0 million) and other items, which includes, interest accretion, prior year director fees settled with equity and other, for $0.4 million. Other working capital changes (including non-current assets) resulted in an increase in working capital of $2.0 million. This is primarily a result of a $2.3 million increase in accrued expense offset by a net decrease in other items of ($0.3 million). The change in accrued expenses is mainly due to the increase of accrued interest on our financial debt.

Cash flows from investing activities in 2017 were $0.1 million as the result of the sale of marine equipment.

Cash flows from investing activities in 2016 were $0.1 million as the result of the sale of our vessel, *Odyssey Explorer*, offset mainly by purchases of marine equipment.

Cash flows provided by financing activities in 2017 were $5.2 million. During this period, we borrowed $3.0 million from SMOM (see NOTE I) and $2.6 million from MINOSA (See NOTE I). The $5.6 million of new debt was offset in part by $0.4 million of payments on financing arrangements.

Cash flows provided by financing activities in 2016 were $7.7 million. During this period, we borrowed $6.0 million from Epsilon (see NOTE I) and $1.8 million from Monaco (See NOTE I). The $7.8 million of new debt was offset in part by $0.1 million of payments on financing arrangements.

**General Discussion 2017**

At December 31, 2017, we had cash and cash equivalents of $1.1 million, a decrease of $0.6 million from the December 31, 2016 balance of $1.6 million. This decrease was mainly attributable to the $5.9 million change in cash used in operations offset with a net increase in debt financing of $5.3 million.

On May 4, 2017, we entered into a Loan and Security Agreement ("Loan Agreement") with SMOM Limited ("SMOM"). Pursuant to the Loan Agreement, SMOM agreed to loan us up to $3.0 million in convertible promissory notes. As a commitment fee, we assigned the remaining 50% of our Neptune Minerals, LLC receivable to SMOM. This receivable had zero carrying value on our balance sheet (See NOTE C). We received advances of $3.0 million under this agreement of which we received $750,000 in February 2017 and $2,250,000 in April 2017. The indebtedness bears interest at a rate of 10% per annum and matures on the second anniversary of this Loan Agreement. The holder has the option to convert any unpaid principal and interest into up to 50% of the equity interest held by Odyssey in Aldama Mining Company, S.de R.L. de C.V. which is a wholly owned subsidiary of ours. The conversion value of $1.0 million equates to 10% of the equity interest in Aldama. If the holder elects to acquire the entire 50.0% of the equity interest, but the amount of debt and interest accumulated to be converted is insufficient to acquire the entire 50% equity interest, the Holder has to pay the deficiency in cash. As additional consideration for the loan, the holder has the right to purchase from Odyssey all or a portion of the equity collateral (up to the 50% of the equity interest of Aldama) for the option consideration ($1.0 million for each 10% of equity interests) during the period that is the later of (i) one year after the maturity date and (ii) one year after the loan is repaid in full, the expiration date. The lender may also choose to extend the expiration date annually by paying $500,000 for each year extended. See NOTE I for further information.

On August 10, 2017, Odyssey Marine Exploration, Inc. ("Odyssey") and Odyssey Marine Enterprises, Ltd., an indirect, wholly owned subsidiary of Odyssey ("OME"), entered into a Note Purchase Agreement (the "Minosa Purchase Agreement") with Minera del Norte S.A. de C.V. ("Minosa"). Pursuant to the Minosa Purchase Agreement, Minosa loaned $750,000 to OME and will consider lending up to an additional $2.25 million to OME. The indebtedness is evidenced by a secured convertible promissory note (the "Minosa Note") and bears interest at a rate equal to 10.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under the Minosa Note and all accrued interest and fees are due and payable upon written demand by Minosa; provided, that Minosa agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that Minosa intends to demand payment. Odyssey unconditionally and irrevocably guaranteed all of OME's obligations under the Minosa Purchase Agreement and the Minosa Note. Minosa has the right to convert all amounts outstanding under the Minosa Note into shares of Odyssey common stock upon 75 days' notice to OME or upon a merger, consolidation, third party tender offer, or similar transaction relating to Odyssey at the conversion price of $4.41 per share. See below and NOTE I for further information.

Table of Contents

***2016 Compared to 2015***

| Increase/(Decrease) (Dollars in millions) | 2016 | 2015 | 2016 vs. 2015 $ | % |
|---|---|---|---|---|
| Total revenue | $ 4.7 | $ 5.3 | $ (0.6) | 12% |
| Cost of sales | $ 0.0 | $ 1.4 | $ (1.4) | 100% |
| Marketing, general and administrative | 7.9 | 11.5 | (3.5) | 31 |
| Operations and research | 8.3 | 11.4 | (3.2) | 28 |
| Gain on sale of marine assets | (1.0) | 0.0 | (1.0) | 100 |
| Common stock issued for subsidiary stock option settlement | 0.0 | 2.5 | (2.5) | 100 |
| Total operating expenses | $15.2 | $ 26.8 | $(11.7) | 43% |
| Other income (expense) | $ 1.5 | $ 0.3 | $ 1.2 | 440% |
| Income tax benefit (provision) | $ 0.0 | $ 0.0 | $ 0.0 | 0% |
| Non-controlling interest | $ 2.8 | $ 3.0 | $ (0.3) | 9% |
| Net income (loss) | $ (6.3) | $(18.2) | $ 11.9 | 65% |

**Revenue**

Current revenue is generated from chartering or leasing our marine exploration equipment, vessel and services. Total revenue decreased by $0.6 million from $5.3 million in 2015 to $4.7 million in 2016. The 2016 revenue was from providing customers deep-sea surveying services as well as a shipwreck search and recovery operation. $3.4 million of the revenue in 2015 resulted from providing marine exploration services to third parties, primarily for a shipwreck recovery project in the fourth quarter, and $1.9 million of the 2015 revenue resulted from the sale of inventory items such as coins.

**Cost and Expenses**

Cost of sales is recorded for the sale of each *Republic* coin or the sale of merchandise and other items owned by us. We did not have inventory in 2016 therefore we did not incur any cost of sales. The 2015 cost of sales is primarily due to the write-down of our SS *Gairsoppa* silver bar inventory to keep in line with the decline in world silver prices as well as increased unit sales of SS *Republic* coins from our inventory.

Marketing, general and administrative expenses decreased from $11.5 million in 2015 to $7.9 million in 2016. This decrease of $3.6 million in 2016 is primarily due to (i) a reduction in corporate staffing of $0.9 million, (ii) reduced legal fees of $0.4 million which were greater in 2015 due to transaction costs related to the Stock Purchase Agreement with MINOSA, (iii) reduction of $0.6 million in share-based compensation primarily due to the accelerated vesting of restricted stock units related to the retirement of the Company's General Counsel in June 2015 as well as the reduction in outstanding instruments, (iii) $0.2 reduction is outside contracted services, (iv) $0.9 million reduction in professional services primarily related to the asset sale that occurred on December 10, 2015 and (v) a $0.5 million due to our corporate cost reduction initiatives.

Operations and research expenses were $8.3 million in 2016 as compared to $11.4 million in 2015. The decrease of $3.1 million in 2016 was primarily due to (a) lower costs in 2016 associated with the *Dorado Discovery* vessel which incurred charter related costs in 2015 of approximately $1.0 million, (b) a reduction in outside contract labor related due to greater amount of 2015 operations of our vessel, *Odyssey Explorer*, and its related sale in 2016, (c) $0.5 million reduction in mineral professional services that was related to the preparation of our environmental application in 2015 and (d) a 2015 *Odyssey Explorer* dry dock maintenance cost of $1.0 million that did not occur in 2016. Operations and research, other for 2016 of $1.0 million is a gain resulting from the sale of two marine assets. Of this gain, $0.8 million is a non-cash gain resulting from the settlement of trade debt.

Table of Contents

We issued common stock for subsidiary stock option settlement of $2.5 million in 2015. This represented the cost of exchanging 0.3 million newly issued shares of our common stock for cancelling MAKO Resources' call option on 6 million shares of Oceanica held by us. This transaction ensured that we maintained majority control over Oceanica.

**Other Income or Expense**

Other income and expense has generally consisted of interest expense and derivative fair value accounting associated with certain of our convertible instruments. Total other income or expense changed from net other income of $0.3 million in 2015 to net other income of $1.5 million in 2016. 2016 includes a gain on change in derivative fair value of $3.4 million mainly related to our Monaco Financial, LLC ("Monaco") loans, interest expense of $2.4 million and other income of $0.5 million which is primarily the deferred revenue from an expired call option as described in NOTE L. In 2016, we entered into a new loan with Monaco whereby there was removal of the protection on the conversion price as well as a reduction in the conversion price at which the loans can be converted by Monaco into up to 3,174,603 shares of Oceanica held by us. Components of the $3.4 million are mainly comprised of change in stock price, volatility and the reversal of the derivative due to the cessation of the conversion price protection that no longer exists related to our Monaco notes (See NOTE I). On December 10, 2015, we extinguished a significant amount of debt owed to Monaco (See NOTE R for further information). This debt extinguishment resulted in a one-time gain of $5.6 million. This 2015 gain was largely off-set by (a) interest expenses of $4.6 million, which increased in 2015 as a result of a larger interest-bearing debt balance throughout the year and to a higher average interest rate on the loans, and (b) to a $1.2 million expense resulting from the change in the fair value of the derivative liabilities ($0.5 million related to the change in the stock price/volatility and $0.7 million related to other changes such as the interest rate). The major new debt obligations that impacted the interest expense in 2015 were the $10.0 million loan advanced from Monaco in the second half of 2014, and the $14.75 million loan from MINOSA in the first half of 2015. These loans carry an interest rate ranging between 8-11%. We retired all the bank loans ($11.7 million) as part of a transaction with Monaco on December 10, 2015 (See NOTE R for further information).

**Income Taxes and Non-Controlling Interest**

We did not incur any taxes in 2016 or 2015. We are the controlling shareholder of our foreign subsidiary, Oceanica. Our financial statements thus include the financial results of Oceanica. Except for intercompany transactions that are eliminated upon consolidation, Oceanica's revenues and expenses, in their entirety, are shown in our consolidated financial statements. The share of Oceanica's net losses corresponding to the equity of Oceanica not owned by us is subsequently shown as the "Non-Controlling Interest" in the consolidated statements of operations. The non-controlling interest adjustment in 2016 was $2.8 million compared to $3.0 million in the same period in 2015. In both years, our subsea mineral exploration subsidiary was engaged in environmental studies, preparation and support of the Don Diego EIA. The expenses in both years are comprised of land-based operational professional services and normal administrative expenses.

**Liquidity and Capital Resources**

| (Dollars in thousands) | 2016 | 2015 |
|---|---|---|
| Summary of Cash Flows: | | |
| Net cash (used) by operating activities | $(8,305) | $(17,164) |
| Net cash provided by investing activities | 70 | 800 |
| Net cash provided by financing activities | 7,656 | 15,462 |
| Net (decrease) in cash and cash equivalents | $ (579) | $ (902) |
| Beginning cash and cash equivalents | 2,241 | 3,144 |
| Ending cash and cash equivalents | $ 1,662 | $ 2,241 |

**Discussion of Cash Flows**

Net cash used by operating activities in 2016 was $8.3 million, or an improvement of $8.9 million compared to 2015, primarily as a result of an improvement in the net result before adjustment for the non-controlling interest. The 2016 operating cash flows primarily reflected a net loss before non-controlling interest of $9.1 million offset by non-cash items of $1.2 million which include share-based compensation of $1.7 million, depreciation and amortization of $1.1 million, change in derivative fair values of ($3.4 million), non-cash gain on sale marine equipment of ($1.0 million) and other items, which includes, interest accretion, prior year director fees settled with equity and other, for $0.4 million. Other working capital changes (including non-current assets) resulted in an increase in working capital of $2.0 million. This is primarily a result of a $2.3 million increase in accrued expense offset by a net decrease in other items of ($0.3 million). The change in accrued expenses is mainly due to the increase of accrued interest on our financial debt.

Net cash used by operating activities in 2015 was $17.2 million, or an improvement of $11.4 million compared to 2014, primarily as a result of an improvement in the net result before adjustment for the non-controlling interest. The 2015 operating cash flows primarily reflected a net loss before non-controlling interest of $21.3 million offset by non-cash items of $4.7 million including common stock issued for subsidiary stock option settlement ($2.5 million, see NOTE H), depreciation and amortization ($1.4 million), share-based compensation ($2.7 million), notes payable interest accretion ($2.3 million), and the change in the fair value of derivative liabilities ($1.2 million, see NOTE H), a gain on the transfer of assets and settlement of debt ($5.6 million) (See NOTE R for further information). Other working capital changes (including non-current assets) resulted in a decrease in working capital of $0.6 million. This primarily included a decrease in accounts payable in 2015 of $3.5 million and an increase in accrued expenses and other of $2.0 million which were in turn partially offset by a decrease in inventory of $1.2 million from increased coin sales, and increase in accounts receivable of $0.6 million, and a decrease in other assets of $0.3 million.

Cash flows from investing activities in 2016 were $0.1 million as the result of the sale of our vessel, *Odyssey Explorer*, offset mainly by purchases of marine equipment.

Cash flows from investing activities in 2015 were $0.8 million as the result of the sale of our Nassau Street building in March 2015. No major equipment purchases were made in 2015.

Cash flows provided by financing activities in 2016 were $7.7 million. During this period, we borrowed $6.0 million from Epsilon (see NOTE I) and $1.8 million from Monaco (See NOTE I). The $7.8 million of new debt was offset in part by $0.1 million of payments on financing arrangements.

Cash flows provided by financing activities in 2015 were $15.5 million. During this period, we borrowed $14.75 million from MINOSA (see NOTE I) and $2.0 million from Monaco (See NOTE R for further information). On December 10, 2015, we settled all of the Bank loans which resulted in the release of $0.5 million that had been required to be maintained in a restricted bank account to service these Bank loans. These cash inflows were partially offset by repayment of debt obligations which included $0.7 million in mortgage payable reductions after the sale of our Nassau Street building and an additional $1.1 million in payments on the term loan from Fifth Third Bank.

**General Discussion 2016**

At December 31, 2016, we had cash and cash equivalents of $1.7 million, a decrease of $0.6 million from the December 31, 2015 balance of $2.2 million. This decrease was mainly the result of an $8.9 million change in cash used in operations. However, this improved change in cash used from operations of $8.9 million was offset with an increase in debt financing of $7.8 million.

In March 2016, Monaco agreed to lend us an additional $1.825 million. These loan proceeds were received in full during the first quarter of 2016. The indebtedness bears interest at 10.0% percent per year. All principal and any unpaid interest is payable on April 1, 2018. The indebtedness is convertible at any time until the maturity date into shares of Oceanica held by us at a conversion price of $1.00 per share. Pursuant to this loan and as security for the indebtedness, Monaco was granted a second priority security interest in (a) one-half of the indebtedness evidenced by the Amended and Restated Consolidated Note and Guaranty, dated September 25, 2015 (the “ExO Note”), in the original principal amount of $18.0 million, issued by Exploraciones Oceanicas S. de R.L. de C.V. to Oceanica Marine Operations, S.R.L. (“OMO”), and all rights associated therewith (the “OMO Collateral”); and (b) all marine technology and assets in our possession or control used for offshore exploration, including deep-tow search systems, winches, multi-beam sonar, and other equipment. We unconditionally and irrevocably guaranteed all obligations of Odyssey and its subsidiaries to Monaco under this loan agreement. As further consideration for the loan, Monaco was granted an option (the “Option”) to purchase the OMO Collateral. The Option is exercisable at any time before the earlier of (a) the date that is 30 days after the loan is paid in full or (b) the maturity date of the ExO Note, for aggregate consideration of $9.3 million, $1.8 million of which would be paid at the closing of the exercise of the Option, with the balance paid in ten monthly installments of $750,000. See NOTE I for further information.

In March 2016 we entered into a Note Purchase Agreement (“Purchase Agreement”) with Epsilon Acquisitions LLC (“Epsilon”). Pursuant to the Purchase Agreement, Epsilon loaned us $3.0 million. The indebtedness bears interest at a rate of 10% per annum and was due on March 18, 2017. We were also responsible for $50,000 of the lender’s out of pocket

costs. This amount is included in the loan balance. In pledge agreements related to this loan, we granted security interests to Epsilon in (a) the 54.0 million cuotas (a unit of ownership under Panamanian law) of Oceanica Resources S. de R.L. ("Oceanica") held by our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd. ("OME"), (b) all notes and other receivables from Oceanica and its subsidiary owed to the Odyssey Pledgors, and (c) all of the outstanding equity in OME. In October 2016, OME entered into an Amended and Restated Note Purchase Agreement (the "Restated Note Purchase Agreement") with Epsilon. In connection with the existing $3.0 million loan agreement, Epsilon agreed to lend an additional $3.0 million evidenced by secured convertible promissory notes. The convertible promissory notes bear an interest rate of 10.0% per annum and are due and payable on March 18, 2017. Epsilon has the right to convert all amounts outstanding under the Restated Note into shares of our common stock upon 75 days' notice or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the applicable conversion price, which is (a) $5.00 per share with respect to the $3.0 million already advanced under the Restated Note and (b) with respect to additional advances under the Restated Note, the five-day volume-weighted average price of our common stock for the five trading day period ending on the trading day immediately prior to the date on which OME submits a borrowing notice for such advance. This additional $3.0 million was funded in 2016. See NOTE I for further detailed information.

During the year, we sold our vessel, *Odyssey Explorer*, and another marine asset for a gain of $1.0 million. Included in this $1.0 million gain is a non-cash gain of $0.8 million which includes a debt settlement of $0.5 million and receipt of a marine asset for $0.3 million. The Odyssey Explorer was nearing the end of her career whereas funding the annual maintenance to keep her seaworthy was not as advantageous than chartering vessels of opportunity that are on the market due to the down turn in ocean related markets such as oil and gas.

**Financings**

**Stock Purchase Agreement**

On March 11, 2015, we entered into a Stock Purchase Agreement (the "Purchase Agreement") with Penelope Mining LLC (the "Investor"), and, solely with respect to certain provisions of the Purchase Agreement, Minera del Norte, S.A. de C.V. (the "MINOSA"). The Purchase Agreement provides for us to issue and sell to the Investor shares of preferred stock in the amounts and at the prices set forth below (the numbers set forth below have been adjusted to reflect the 1-for-12 reverse stock split of February 19, 2016):

| Series | No. of Shares | Price per Share |
|---|---|---|
| Series AA-1 | 8,427,004 | $ 12.00 |
| Series AA-2 | 7,223,142 | $ 6.00 |

The closing of the sale and issuance of shares of the Company's preferred stock to the Investor is subject to certain conditions, including the Company's receipt of required approvals from the Company's stockholders (received on June 9, 2015), the receipt of regulatory approval, performance by the Company of its obligations under the Purchase Agreement, receipt of certain third party consents, the listing of the underlying common stock on the NASDAQ Stock Market and the Investor's satisfaction, in its sole discretion, with the viability of certain undersea mining projects of the Company. Completion of the transaction requires amending the Company's articles of incorporation to (a) effect a reverse stock split, which was done on February 19, 2016, (b) adjusting the Company's authorized capitalization, which was also done on February 19, 2016, and (c) establishing a classified board of directors (collectively, the "Amendments"). The Amendments have been or will be set forth in certificates of amendment to the Company's articles of incorporation filed or to be filed with the Nevada Secretary of State.

The purchase and sale of 2,916,667 shares of Series AA-1 Preferred Stock at an initial closing and for the purchase and sale of the remaining 5,510,337 shares of Series AA-1 Preferred Stock according to the following schedule, is subject to the satisfaction or waiver of specified conditions set forth in the Purchase Agreement:

| Date | No. Series AA-1 Shares | Total Purchase Price |
|---|---|---|
| March 1, 2016 | 1,806,989 | $ 21,683,868 |
| September 1, 2016 | 1,806,989 | $ 21,683,868 |
| March 1, 2017 | 1,517,871 | $ 18,214,446 |
| March 1, 2018 | 378,488 | $ 4,541,856 |

The Investor may elect to purchase all or a portion of the Series AA-1 Preferred Stock before the other dates set forth above. The initial closing and the closing scheduled for March 1, 2016, have not yet occurred because certain conditions to closing have not yet been satisfied or waived. After completing the purchase of all AA-1 Preferred Stock, the Investor has the right, but not the obligation, to purchase all or a portion the 7,223,145 shares of Series AA-2 Preferred Stock at any time after the closing price of the Common Stock on the NASDAQ Stock Market has been $15.12 or more for 20 consecutive trading days. The Investor's right to purchase the shares of Series AA-2 Preferred Stock will terminate on the fifth anniversary of the initial closing under the Purchase Agreement.

The Purchase Agreement contains certain restrictions, subject to certain exceptions described below, on the Company's ability to initiate, solicit or knowingly encourage or facilitate an alternative acquisition proposal, to participate in any discussions or negotiations regarding an alternative acquisition proposal, or to enter into any acquisition agreement, merger agreement or similar definitive agreement, or any letter of intent, memorandum of understanding or agreement in principle, or any other agreement relating to an alternative acquisition proposal. These restrictions will continue until the earlier to occur of the termination of the Purchase Agreement pursuant to its terms and the time at which the initial closing occurs.

The Purchase Agreement also includes customary termination rights for both the Company and the Investor and provides that, in connection with the termination of the Purchase Agreement under specified circumstances, including in the event of a termination by the Company in order to accept a Superior Proposal, the Company will be required to pay to the Investor a termination fee of $4.0 million.

The Purchase Agreement contains representations, warranties and covenants of the parties customary for a transaction of this type.

Subject to the terms set forth in the Purchase Agreement, the Lender provided the Company, through a subsidiary of the Company, with loans of $14.75 million, the outstanding amount of which, plus accrued interest, will be repaid from the proceeds from the sale of the shares of Series AA-1 Preferred Stock at the initial closing. The outstanding principal balance of the loan at December 31, 2017 was $14.75 million.

The obligation to repay the loans is evidenced by a promissory note (the "Note") in the amount of up to $14.75 million and bears interest at the rate of 8.0% per annum, and, pursuant to a pledge agreement (the "Pledge Agreement") between the Lender and Odyssey Marine Enterprises Ltd., an indirect, wholly owned subsidiary of the Company ("OME"), is secured by a pledge of 54.0 million shares of Oceanica Resources S. de R.L., a Panamanian limitada ("Oceanica"), held by OME. In addition, OME and the Lender entered into a call option agreement (the "Oceanica Call"), pursuant to which OME granted the Lender an option to purchase the 54.0 million shares of Oceanica held by OME for an exercise price of $40.0 million at any time during the one-year period after the Oceanica Call was executed and delivered by the parties. The Oceanica Call option expired on March 11, 2016 without being executed or extended. On December 15, 2015, the Promissory Note was amended to provide that, unless otherwise converted as provided in the Note, the adjusted principal balance shall be due and payable in full upon written demand by MINOSA; provided that MINOSA agrees that it shall not demand payment of the adjusted principal balance earlier than the first to occur of: (i) 30 days after the date on which (x) SEMARNAT makes a determination with respect to the current application for the Manifestacion de Impacto Ambiental relating to the Don Diego Project, which determination is other than an approval or (y) Enterprises or any of its affiliates withdraws such application without MINOSA's prior written consent; (ii) termination by Odyssey of the Stock Purchase Agreement, dated March 11, 2015 (the "Purchase Agreement"), among Odyssey, MINOSA, and Penelope Mining, LLC (the "Investor"); (iii) the occurrence of an event of default under the Promissory Note; (iv) March 30, 2016; or (v) if and only if the Investor shall have terminated the Purchase Agreement pursuant to Section 8.1(d)(iii) thereof, March 30, 2016. On March 18, 2016 the agreements with MINOSA and Penelope were further amended and extended the maturity date of the loan to March 18, 2017(see NOTE I). The August 10, 2017 Minosa Purchase Agreement amended the due date of this note to a due date which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that Minosa intends to demand payment. We have not received any notice the creditor intends to demand payment. See the August 10, 2017 Minosa Purchase Agreement disclosure following. During December 2017 MINOSA transferred this debt to its parent company.

**Class AA Convertible Preferred Stock**

Pursuant to a certificate of designation (the "Designation") to be filed with the Nevada Secretary of State, each share of Series AA-1 Convertible Preferred Stock and Series AA-2 Convertible Preferred Stock (collectively, the "Class AA Preferred Stock") will be convertible into one share of Common Stock at any time and from time to time at the election of the holder. Each share of Class AA Preferred Stock will rank pari passu with all other shares of Class AA Preferred Stock and senior to shares of Common Stock and all other classes and series of junior stock. If the Company declares a dividend or makes a distribution to the holders of Common Stock, the holders of the Class AA Preferred Stock will be entitled to participate in the dividend or distribution on an as-converted basis. Each share of Class AA Preferred Stock shall entitle the holder thereof to vote, in person or by proxy, at any special or annual meeting of stockholders, on all matters voted on by holders of Common Stock, voting together as a single class with other shares entitled to vote thereon. So long as a majority of the shares of the Class AA Preferred Stock are outstanding, the Company will be prohibited from taking specified extraordinary actions without the approval of the holders of a majority of the outstanding shares of Class AA Preferred Stock. In the event of the liquidation of the Company, each holder of shares of Class AA Preferred Stock then outstanding shall be entitled to be paid, out of the assets of the Corporation available for distribution to its stockholders, an amount in cash equal to the greater of (a) the amount paid to the Company for such holder's shares of Class AA Preferred Stock, plus an accretion thereon of 8.0% per annum, compounded annually, and (b) the amount such holder would be entitled to receive had such holder converted such shares of Class AA Preferred into Common Stock immediately prior to such time at which payment will be made or any assets distributed.

**Stockholder Agreement**

The Purchase Agreement provides that, at the initial closing, the Company and the Investor will enter into a stockholder agreement (the "Stockholder Agreement"). The Stockholder Agreement will provide that (a) in connection with each meeting of the Company's stockholders at which directors are to be elected, the Company will (i) nominate for election as members of the Company's board of directors a number of individuals designated by the Investor ("Investor Designees") equivalent to the Investor's proportionate ownership of the Company's voting securities (rounded up to the next highest integer) less the number of Investor Designees who are members of the board of directors and not subject to election at such meeting, and (ii) use its reasonable best efforts to cause such nominees to be elected to the board of directors; (b) the Company will cause one of the Investor Designees to serve as a member of (or at such Investor Designee's election, as an observer to) each committee of the Company's board of directors; and (c) each Investor Designee shall have the right to enter into an indemnification agreement with the Company (an "Indemnification Agreement") pursuant to which such Investor Designee is indemnified by the Company to the fullest extent allowed by Nevada law if, by reason of his or her serving as a director of the Company, such Investor Designee is a party or is threatened to be made a party to any proceeding or by reason of anything done or not done by such Investor Designee in his or her capacity as a director of the Company.

The Stockholder Agreement will provide the Investor with pre-emptive rights with respect to certain equity offerings of the Company and restricts the Company from selling equity securities until the Investor has purchased all the Class AA Preferred Stock or no longer has the right or obligation to purchase any of the Class AA Preferred Stock. The Stockholder Agreement will also provide the Investor with certain "first look" rights with respect to certain mineral deposits discovered by the Company or its subsidiaries. Pursuant to the Stockholder Agreement, the Company will grant the Investor certain demand and piggy-back registration rights, including for shelf registrations, with respect to the resale of the shares of Common Stock issuable upon conversion of the Class AA Preferred Stock.

**Other Notes and Loans**

**Promissory note:**

On March 18, 2016 we entered into a Note Purchase Agreement ("Purchase Agreement") with Epsilon Acquisitions LLC ("Epsilon"). Pursuant to the Purchase Agreement, Epsilon loaned us $3.0 million in two installments of $1.5 million on March 31, 2016 and April 30, 2016. The indebtedness bears interest at a rate of 10% per annum and was due on March 18, 2017. We were also responsible for $50,000 of the lender's out of pocket costs. This amount is included in the loan balance. In pledge agreements related to the loans, we granted security interests to Epsilon in (a) the 54 million cuotas (a unit of ownership under Panamanian law) of Oceanica Resources S. de R.L. ("Oceanica") held by our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd. ("OME"), (b) all notes and other receivables from Oceanica and its subsidiary owed to the Odyssey Pledgors, and (c) all of the outstanding equity in OME. Epsilon has the right to convert the outstanding indebtedness into shares of our common stock upon 75 days' notice to us or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the conversion price of $5.00 per share, which represents the five-day volume-

weighted average price of Odyssey's common stock for the five trading day period ending on March 17, 2016. Upon the occurrence and during the continuance of an event of default, the conversion price will be reduced to $2.50 per share. Following any conversion of the indebtedness, Penelope Mining LLC (an affiliate of Epsilon) ("Penelope"), may elect to reduce its commitment to purchase preferred stock of Odyssey under the Stock Purchase Agreement, dated as of March 11, 2015 (as amended, the "Stock Purchase Agreement"), among Odyssey, Penelope, and Minera del Norte, S.A. de C.V. ("MINOSA") by the amount of indebtedness converted.

Pursuant to the Purchase Agreement (a) we agreed to waive our rights to terminate the Stock Purchase Agreement in accordance with the terms thereof until December 31, 2016, and (b) MINOSA agreed to extend, until March 18, 2017, the maturity date of the $14.75 million loan extended by MINOSA to OME pursuant to the Stock Purchase Agreement. The indebtedness may be accelerated upon the occurrence of specified events of default including (a) OME's failure to pay any amount payable on the date due and payable; (b) OME or we fail to perform or observe any term, covenant, or agreement in the Purchase Agreement or the related documents, subject to a five-day cure period; (c) an event of default or material breach by OME, us or any of our affiliates under any of the other loan documents shall have occurred and all grace periods, if any, applicable thereto shall have expired; (d) the Stock Purchase Agreement shall have been terminated; (e) specified dissolution, liquidation, insolvency, bankruptcy, reorganization, or similar cases or actions are commenced by or against OME or any of its subsidiaries, in specified circumstances unless dismissed or stayed within 60 days; (f) the entry of judgment or award against OME or any of its subsidiaries in excess or $100,000; and (g) a change in control (as defined in the Purchase Agreement) occurs.

In connection with the execution and delivery of the Purchase Agreement, we and Epsilon entered into a registration rights agreement pursuant to which we agreed to register new shares of our common stock with a formal registration statement with the Securities and Exchange Commission upon the conversion of the indebtedness.

***Accounting considerations: Note Purchase Agreement***

We have accounted for this agreement as a financing transaction, wherein the net proceeds received were allocated to the financial instruments issued. Prior to making the accounting allocation, we evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480"), ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 320 *Property, Plant and Equipment* ("ASC 320").

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did result in a BCF because the effective conversion price was less than the Company's stock price on the commitment date, therefore a BCF of $96,000 was recorded. The BCF represents a debt discount which will be amortized over the life of the loan. For the year ended December 31, 2017, interest expense related to the discount in the amount of $68,194 was recorded.

***Loan modification (October 1, 2016)***

On October 1, 2016 Odyssey Marine Enterprises, Ltd. ("OME"), entered into an Amended and Restated Note Purchase Agreement (the "Restated Note Purchase Agreement") with Epsilon Acquisitions LLC ("Epsilon"). In connection with the existing $3.0 million loan agreement, Epsilon agreed to lend an additional $3.0 million of secured convertible promissory notes. The convertible promissory notes bear an interest rate of 10.0% per annum and was due and payable on March 18, 2017. Epsilon has the right to convert all amounts outstanding under the Restated Note into shares of our common stock upon 75 days' notice to OME or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the applicable conversion price, which is (a) $5.00 per share with respect to the $3.0 million already advanced under the Restated Note and (b) with respect to additional advances under the Restated Note, the five-day volume-weighted average price of our common stock for the five trading day period ending on the trading day immediately prior to the date on which OME submits a borrowing notice for such advance. Notwithstanding anything herein to the contrary, we shall not issue any of our common stock upon conversion of any outstanding tranche (other than the first $3.0 million already advanced) under this Restated Note in excess of 1,388,769 shares of common stock. The additional tranches were issued as follows: (a) $1,000,000 ("Tranche 3") was issued on October 16, 2016 with a conversion price of $3.52 per share; (b) $1,000,000 ("Tranche 4") was issued on November 15, 2016 with a conversion price of $4.19 per share; and (c) $1,000,000 ("Tranche 5") was issued on December 15, 2016 with a conversion price of $4.13 per share. During 2017, Epsilon assigned Tranche 4 and 5 totaling $2,000,000 of this debt to MINOSA under the same terms as the original debt.

As an inducement for the issuance of the additional $3.0 million of promissory notes, we also delivered to Epsilon a common stock purchase warrant (the “Warrant”) pursuant to which Epsilon has the right to purchase up to 120,000 shares of our common stock at an exercise price of $3.52 per share, which exercise price represents the five-day volume-weighted average price of our common stock for the five trading day period ending on the trading day immediately prior to the day on which the Warrant was issued. Epsilon may exercise the Warrant in whole or in part at any time during the period ending October 1, 2021. The Warrant includes a cashless exercise feature and provides that, if Epsilon is in default of its obligations to fund any advance pursuant to and in accordance with the Restated Note Purchase Agreement, then, thereafter, the maximum aggregate number of shares of common stock that may be purchased under the Warrant shall be the number determined by multiplying 120,000 by a fraction, (a) the numerator of which is the aggregate principal amount of advances that have been extended to the OME by Epsilon pursuant to the Restated Note Purchase Agreement on or after the date of the Warrant and prior to the date of such failure and (b) the denominator of which is $3.0 million.

***Accounting considerations: Loan Modification***

We evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* (“ASC 480”), ASC 815 *Derivatives and Hedging* (“ASC 815”) and ASC 320 *Property, Plant and Equipment* (“ASC 320”). This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. Additionally, the warrant agreement did not contain any terms or features that would preclude equity classification. We were required to consider whether the hybrid contract embodied a beneficial conversion feature (“BCF”). The allocations of the three additional tranches were as follows.

| | Tranche 3 | Tranche 4 | Tranche 5 |
|---|---|---|---|
| Promissory Note | $ 981,796 | $ 939,935 | $1,000,000 |
| Beneficial Conversion Feature (“BCF”)* | 18,204 | 60,065 | — |
| Proceeds | $1,000,000 | $1,000,000 | $1,000,000 |

A beneficial conversion feature arises when the calculation of the effective conversion price is less than the Company’s stock price on the date of issuance. Tranche 5 did not result in a BCF because the effective conversion price was greater than the company’s stock price on the date of issuance.

The warrants fair values were calculated using Black-Scholes Merton (“BSM”). The aggregate fair value of the warrants totaled $303,712. Since the warrants were issued as an inducement to Epsilon to issue additional debt, we recorded an inducement expense of $303,712.

***Term Extension (March 21, 2017)***

On March 21, 2017 we entered into an amendment to the Restated Note Purchase Agreement with Epsilon. In connection with the existing $6.0 million loan agreement, the adjusted principal balance is due and payable in full upon the earlier of (i) written demand by Epsilon or (ii) such time as Odyssey or the guarantor pays any other indebtedness for borrowed money prior to its stated maturity date. As such the Company amortized the notes up to their face value of $6,050,000 and they are classified as short-term. However, since Epsilon converted the first $3.0 million into 670,455 of our common shares and assigned $2.0 million to MINOSA, the current principal indebtedness at December 31, 2017 is $1.0 million.

**Promissory note:**

On May 4, 2017, we entered into a Loan and Security Agreement (“Loan Agreement”) with SMOM. Pursuant to the Loan Agreement, SMOM agreed to loan us up to $3.0 million as evidenced by a convertible promissory note. As a commitment fee, we assigned the remaining 50% of our Neptune Minerals, LLC receivable to SMOM. This receivable had zero carrying value on our balance sheet (See NOTE C). The loan balance at December 31, 2017 is $3.0 million. The indebtedness bears interest at a rate of 10% per annum and matures on the second anniversary of this Loan Agreement. The holder has the option to convert any unpaid principal and interest into up to 50% of the equity interest held by Odyssey in Aldama Mining Company, S.de R.L. de C.V. which is a wholly owned subsidiary of ours. The conversion value of $1.0 million equates to 10% of the equity interest in Aldama. If the holder elects to acquire the entire 50% of the equity interest, but the amount of debt and interest accumulated to be converted is insufficient to acquire the entire 50% equity interest, the Holder has to pay the deficiency in cash. As additional consideration for the loan, the holder has the right to purchase from Odyssey all or a portion of the equity collateral (up to the 50% of the equity interest of Aldama) for the option consideration ($1.0 million for each 10% of equity interests) during the period that is the later of (i) one year after the maturity date and (ii) one year after the loan is repaid in full, the expiration date. The lender may also choose to extend the expiration date annually by paying $500,000 for each year extended.

***Accounting considerations***

We have accounted for this transaction as a financing transaction, wherein the net proceeds received were allocated to the financial instruments issued. Prior to making the accounting allocation, we evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480"), ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 320 *Property, Plant and Equipment* ("ASC 320").

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did not result in a BCF because the effective conversion price was equal to the value of the Company's value on the date of issuance.

**Promissory note:**

On August 10, 2017, we entered into a Note Purchase Agreement (the "Minosa Purchase Agreement") with MINOSA. Pursuant to the Minosa Purchase Agreement, MINOSA whereas MINOSA will loan Enterprises up to $3.0 million. During 2017, we borrowed $2.7 million against this facility and Epsilon assigned $2.0 million of its debt to MINOSA. At December 31, 2017, the outstanding principal balance, including the Epsilon assignment, is $4.7 million. The indebtedness is evidenced by a secured convertible promissory note (the "Minosa Note") and bears interest at a rate equal to 10.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under this Minosa Note and all accrued interest and fees are due and payable upon written demand by MINOSA; provided, that MINOSA agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that MINOSA intends to demand payment. MINOSA has not provided any notice they intend to issue a payment demand notice. We unconditionally and irrevocably guaranteed all of the obligations under the Minosa Purchase Agreement and the Minosa Note. MINOSA has the right to convert all amounts outstanding under the Minosa Note into shares of our common stock upon 75 days' notice to us or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the conversion price of $4.41 per share. During December 2017 MINOSA, transferred this debt to its parent company.

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did result in a BCF because the effective conversion price was less than the Company's stock price on the date of issuance, therefore a BCF of $62,925 was recorded. As of December 31,2017, all of the BCF has been accreted to the income statement. The BCF represented a debt discount which is being amortized over the life of the loan.

As previously reported, Epsilon loaned us an aggregate of $6.0 million pursuant to an amended and restated convertible promissory Minosa Note, dated as of March 18, 2016, as further amended and restated on October 1, 2016 (the "Epsilon Note"). Since then, Epsilon has assigned $2.0 million of the indebtedness under the Epsilon Note to MINOSA. Along with Epsilon, we entered into a second amended and restated convertible promissory note (the "Second AR Epsilon Note"), which further amends and restates the Epsilon Note. The stated principal amount of the Second AR Epsilon Note is $1.0 million (which reflects the outstanding principal balance remaining after giving effect to Epsilon's (x) previous assignment of $2.0 million of the indebtedness under the Epsilon Note to MINOSA and (y) conversion of $3.0 million of the indebtedness under the Epsilon Note into shares of our common stock). The Second AR Epsilon Note further provides that the outstanding principal balance under the Second AR Epsilon Note and all accrued interest and fees are due and payable upon written demand by Epsilon; provided, that Epsilon agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Second AR Epsilon Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that MINOSA intends to demand payment.

Upon the closing of the Minosa Purchase Agreement, along with MINOSA, and Penelope Mining LLC, an affiliate of Minosa ("Penelope"), executed and delivered a Second Amended and Restated Waiver and Consent and Amendment No. 5 to Promissory Note and Amendment No. 2 to Stock Purchase Agreement (the "Second AR Waiver"). Pursuant to the Second AR Waiver, Minosa and Penelope consented to the transactions contemplated by the Minosa Purchase Agreement and waived any breach of any representation or warranty and violation of any covenant in the Stock Purchase Agreement, dated as of March 11, 2015, as amended April 10, 2015 (the "SPA"), by and among us, Minosa, and Penelope, arising out of the Company's execution and delivery of the Minosa Purchase Agreement and the consummation of the transactions contemplated thereby. Pursuant to the Second AR Waiver, we also waived, and agreed not to exercise our right to terminate

the SPA pursuant to Section 8.1(c)(ii) thereto, both (a) until after the earlier of (i) July 1, 2018, (ii) the date that MINOSA fails, refuses, or declines to fund (or otherwise does not fund) any subsequent loan under the Minosa Purchase Agreement and (iii) demand is made for repayment of all or any part of the indebtedness outstanding under the Minosa Note, the Second AR Epsilon Note, or the Promissory Note, dated as of March 11, 2015, as amended (the "SPA Note"), in the principal amount of $14.75 million that was issued by us to MINOSA under the SPA, and (b) unless on or prior to such termination, the Notes are paid in full.

The Second AR Waiver (x) further provides that following any conversion of the indebtedness evidenced by the Minosa Note, Penelope may elect to reduce its commitment to purchase our preferred stock under the SPA by the amount of indebtedness converted by MINOSA and (y) amends the SPA Note to provide that the outstanding principal balance under the SPA Note and all accrued interest and fees are due and payable upon written demand by MINOSA; provided, that Minosa agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that Minosa intends to demand payment.

The obligations under the Minosa Note may be accelerated upon the occurrence of specified events of default including (a) our failure to pay any amount payable under the Minosa Note on the date due and payable; (b) our failure to perform or observe any term, covenant, or agreement in the Minosa Note or the related documents, subject to a five-day cure period; (c) the occurrence and expiration of all applicable grace periods, if any, of an event of default or material breach by us under any of the other loan documents; (d) the termination of the SPA; (e) commencement of certain specified dissolution, liquidation, insolvency, bankruptcy, reorganization, or similar cases or actions by or against us, in specified circumstances unless dismissed or stayed within 60 days; (f) the entry of a judgment or award against us in excess of $100,000; and (g) the occurrence of a change in control (as defined in the Minosa Note).

Pursuant to second amended and restated pledge agreements (the "Second AR Pledge Agreements") entered into by us in favor of MINOSA, the we pledged and granted security interests to MINOSA in (a) the 54 million cuotas (a unit of ownership under Panamanian law) of Oceanica held by us, (b) all notes and other receivables from Oceanica and its subsidiary owed to us, and (c) all of the outstanding equity in our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd.

In connection with the execution and delivery of the Minosa Purchase Agreement, Odyssey and MINOSA entered into a second amended and restated registration rights agreement (the "Second AR Registration Rights Agreement") pursuant to which Odyssey agreed to register the offer and sale of the shares (the "Conversion Shares") of our common stock issuable upon the conversion of the indebtedness evidenced by the Minosa Note. Subject to specified limitations set forth in the Second AR Registration Rights Agreement, including that we are eligible to use Form S-3, the holder of the Minosa Note can require us to register the offer and sale of the Conversion Shares if the aggregate offering price thereof (before any underwriting discounts and commissions) is not less than $3.0 million. In addition, we agreed to file a registration statement relating to the offer and sale of the Conversion Shares on a continuous basis promptly (but in no event later than 60 days after) after the conversion of the Minosa Note into the Conversion Shares and to thereafter use its reasonable best efforts to have such registration statement declared effective by the Securities and Exchange Commission.

**Going Concern Consideration**

We have experienced several years of net losses and may continue to do so. Our ability to generate net income or positive cash flows for the following twelve months is dependent upon our success in developing and monetizing our interests in mineral exploration entities, generating income from exploration charters, collecting on amounts owed to us, and completing the MINOSA/Penelope equity financing transaction approved by our stockholders on June 9, 2015.

Our 2018 business plan requires us to generate new cash inflows to effectively allow us to perform our planned projects. We plan to generate new cash inflows through the monetization of our receivables and equity stakes in seabed mineral companies, financings, syndications or other partnership opportunities. If cash inflow is not sufficient to meet our desired projected business plan requirements, we will be required to follow a contingency business plan which is based on curtailed expenses and fewer cash requirements. On March 11, 2015, we entered into a Stock Purchase Agreement with Minera del Norte S.A. de c.v. ("MINOSA") and Penelope Mining LLC ("Penelope"), an affiliate of MINOSA, pursuant to which (a) MINOSA agreed to extend short-term, debt financing to Odyssey of up to $14.75 million, and (b) Penelope agreed to invest up to $101 million over three years in convertible preferred stock of Odyssey. The equity financing is subject to the satisfaction of certain conditions, including the approval of our stockholders which occurred on June 9, 2015, and MINOSA and Penelope are currently under no obligation to make the preferred share equity investments. (See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Financings.)

Our consolidated non-restricted cash balance at December 31, 2017 was $1.1 million which is insufficient to support operations for the following 12 months. We have a working capital deficit at December 31, 2017 of $31.5 million. Our largest loan of $14.75 million from MINOSA had a due date of December 31, 2017 which is now linked to other stipulations, see NOTE I for further detail. The majority of our remaining assets have been pledged to MINOSA, and its affiliates, and to Monaco Financial LLC, leaving us with few opportunities to raise additional funds from our balance sheet. The total consolidated book value of our assets was approximately $3.0 million at December 31, 2017 and the fair market value of these assets may differ from their net carrying book value. Even though we executed the above noted financing arrangement with Penelope, Penelope must purchase the shares for us to be able to complete the equity component of the transaction. The Penelope equity transaction is heavily dependent on the outcome of our subsidiary's application approval process for an environmental permit to commercially develop a mineralized phosphate deposit off the coast of Mexico. The factors noted above raise doubt about our ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

**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 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. Separate agreements may provide indemnification after term of service. 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, 2017.

**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 United States. 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 Consolidated 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***

On December 10, 2015, we sold a significant amount of our long-lived assets (See NOTE R for further information). As of December 31, 2017, we had approximately $0.6 million of net property and equipment and related assets. Our policy is to recognize impairment losses relating to long-lived assets in accordance with the ASC topic for Property, Plant and Equipment. Impairment decisions are based on several factors, including, but not limited to, management's plans for future operations, recent operating results and projected cash flows.

***Realizability of Deferred Tax Assets***

We have recorded a net deferred tax asset of $0 at December 31, 2017. As required by the ASC topic for 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 and rights of ownership or salvage rights of high value shipwrecks or the monetization of our mineral exploration stakes and thus a valuation allowance of $49.2 million has been recorded as of December 31, 2017.

***Allowance for Doubtful Accounts***

In determining the collectability of our accounts receivable, we need to make certain assumptions and estimates. Specifically, we may examine accounts and assess the likelihood of collection of particular accounts. During May 2017 we transferred the remaining Neptune Minerals, Inc. accounts receivable to SMOM as a commitment fee for a financing arrangement. The remaining allowance for doubtful accounts was attached to that specific account receivable. (See NOTE C and NOTE I for further information).

***Derivative Financial Instruments***

In evaluating fair value of derivative financial instruments, there are numerous assumptions which management must make that may influence the valuation of the derivatives as included in the financial statements. See NOTE H.

**Contractual Obligations**

At December 31, 2017, 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 obligations | $3,000 | $ — | $ 3,000 | $ — | $ — |
| Interest on long-term obligations | 402 | — | 402 | — | — |
| Total contractual obligations | $3,402 | $ — | $ 3,402 | $ — | $ — |

Long-term obligations represent the amount due on our existing loans as described above.

We entered into a three year operating lease for our headquarter offices with Monaco Financial, LLC, a related party. This is pursuant to the acquisition agreement we entered into with them on December 10, 2015 (See NOTE R for further information). The operating lease is cancellable upon nine months notice.

**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.

We currently do not have any debt obligations or instruments that expose us to interest rate risk.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information required by this item appears beginning on page 30.

**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 disclosure controls and procedures designed to ensure that information we are required to disclose in reports that we file with or furnish to 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 Interim 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. There have been no significant changes in the Company's internal controls over financial reporting as of December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

## PART III

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information concerning Directors and Executive Officers is hereby incorporated by reference to the information under the headings "Election of Directors" and "Executive Officers and Directors of the Company" in the Company's Proxy Statement (the "Proxy Statement") for the Annual Meeting of Stockholders to be held on June 5, 2018.

The Company has adopted a Code of Ethics that applies to all of its employees, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Ethics and all committee charters are posted on the Company's website (www.odysseymarine.com). We will provide a copy of any of these documents to stockholders free of charge upon request to the Company.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item is hereby incorporated by reference to the information under the heading "Executive Compensation" in the Proxy Statement.

**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 to the information under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement. The information required pursuant to Item 201(d) of Regulation S-K is hereby incorporated by reference to the information under the heading "Equity Compensation Plan Information" in the Proxy Statement.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item is hereby incorporated by reference to the information under the heading "Certain Relationships and Related Transactions" in the Proxy Statement.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item is hereby incorporated by reference to the information under the heading "Independent Public Accounting Firm's Fees" in the Proxy Statement.

## 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 29.

   (b) Consolidated Financial Statement Schedules

   See “Index to Consolidated Financial Statements” on page 29.

   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 Exhibits Index, which appears at the end of this document and is incorporated herein by reference, are filed as part of this Annual Report on Form 10-K.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**
**ODYSSEY MARINE EXPLORATION, INC.**


| | PAGE |
|---|---|
| Management's Annual Report on Internal Control over Financial Reporting | 31 |
| Report of Independent Registered Public Accounting Firm | 32 |
| Consolidated Financial Statements: | |
| Consolidated Balance Sheets | 33 |
| Consolidated Statements of Income | 34 |
| Consolidated Statements of Changes in Stockholders' Equity/(Deficit) | 35 |
| Consolidated Statements of Cash Flows | 36 |
| Notes to the Consolidated Financial Statements | 38 |
| Consolidated Financial Statement Schedules: | |
| Schedule II – Valuation and Qualifying Accounts | 70 |

## 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, 2017.

Table of Contents

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
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, 2017 and 2016, and the related consolidated statements of income, changes in stockholders' equity (deficit) and cash flows for each of the years in the three-year period ended December 31, 2017, 2016, and 2015. Odyssey Marine Exploration, Inc. and subsidiaries' management is responsible for these consolidated financial statements. 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. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2017 and 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2017, 2016, and 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note P to the consolidated financial statements, the Company has incurred significant losses and they may be unsuccessful in raising the necessary capital to fund operations and capital expenditures. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note P. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our report is not modified with respect to that matter.

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

February 13, 2018

Table of Contents

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 1,108,193 | $ 1,662,643 |
| Restricted cash | 10,010 | 10,000 |
| Accounts receivable and other, net | 232,380 | 473,806 |
| Other current assets | 495,527 | 609,462 |
| Total current assets | 1,846,110 | 2,755,911 |
| PROPERTY AND EQUIPMENT | | |
| Equipment and office fixtures | 16,738,898 | 17,188,699 |
| Marine asset held for sale | — | 416,329 |
| Accumulated depreciation | (16,145,082) | (15,809,774) |
| Total property and equipment | 593,816 | 1,795,254 |
| NON-CURRENT ASSETS | | |
| Other non-current assets | 532,500 | 532,500 |
| Total non-current assets | 532,500 | 532,500 |
| Total assets | $ 2,972,426 | $ 5,083,665 |
| LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT) | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 2,396,835 | $ 1,397,349 |
| Accrued expenses | 6,551,335 | 5,078,125 |
| Loans payable | 24,363,442 | 20,731,807 |
| Total current liabilities | 33,311,612 | 27,207,281 |
| LONG-TERM LIABILITIES | | |
| Loans payable | 3,000,000 | 4,335,501 |
| Deferred income and revenue participation rights | 4,643,750 | 4,643,750 |
| Total long-term liabilities | 7,643,750 | 8,979,251 |
| Total liabilities | 40,955,362 | 36,186,532 |
| Commitments and contingencies (NOTE P) | | |
| STOCKHOLDERS' EQUITY/(DEFICIT) | | |
| Preferred stock - $.0001 par value; 24,984,166 shares authorized; none outstanding | — | — |
| Preferred stock series D convertible - $.0001 par value; 0 and 20,200 shares authorized, respectively, and 0 issued and outstanding for each period end | — | — |
| Common stock – $.0001 par value; 75,000,000 shares authorized; 8,466,909 and; 7,718,366 issued and outstanding | 847 | 772 |
| Additional paid-in capital | 212,103,344 | 207,962,346 |
| Accumulated (deficit) | (234,709,910) | (226,950,438) |
| Total stockholders' equity/(deficit) before non-controlling interest | (22,605,719) | (18,987,320) |
| Non-controlling interest | (15,377,217) | (12,115,547) |
| Total stockholders' equity/(deficit) | (37,982,936) | (31,102,867) |
| Total liabilities and stockholders' equity/(deficit) | $ 2,972,426 | $ 5,083,665 |

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

**ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**

| | 12 Month Period Ended December 31, 2017 | 12 Month Period Ended December 31, 2016 | 12 Month Period Ended December 31, 2015 |
|---|---|---|---|
| REVENUE | | | |
| Recovered cargo sales and other | $ 11,854 | $ 7,057 | $ 1,943,709 |
| Exhibit | — | — | 58,352 |
| Expedition | 1,236,623 | 4,675,978 | 3,328,190 |
| Total revenue | 1,248,477 | 4,683,035 | 5,330,251 |
| OPERATING EXPENSES | | | |
| Cost of sales – recovered cargo and other | — | — | 1,447,331 |
| Operations and research | 3,438,389 | 8,267,401 | 11,428,506 |
| Gain on sale of marine assets | — | (992,595) | — |
| Marketing, general and administrative | 6,167,181 | 7,959,122 | 11,458,528 |
| Common stock issued for subsidiary stock option settlement | — | — | 2,520,000 |
| Total operating expenses | 9,605,570 | 15,233,928 | 26,854,365 |
| LOSS FROM OPERATIONS | (8,357,093) | (10,550,893) | (21,524,114) |
| OTHER INCOME OR (EXPENSE) | | | |
| Interest income | 112 | — | 137 |
| Interest expense | (2,727,235) | (2,396,994) | (4,551,799) |
| Change in derivative liabilities fair value | — | 3,402,416 | (1,175,971) |
| Gain on debt extinguishment | — | — | 5,611,907 |
| Other | 63,074 | 467,396 | 388,595 |
| Total other income or (expense) | (2,664,049) | 1,472,818 | 272,869 |
| LOSS BEFORE INCOME TAXES | (11,021,142) | (9,078,075) | (21,251,245) |
| Income tax benefit (provision) | — | — | — |
| NET (LOSS) BEFORE NON-CONTROLLING INTEREST | (11,021,142) | (9,078,075) | (21,251,245) |
| Non-controlling interest | 3,261,670 | 2,762,054 | 3,044,082 |
| NET (LOSS) | $ (7,759,472) | $ (6,316,021) | $(18,207,163) |
| LOSS PER SHARE | | | |
| Basic and diluted | $ (0.95) | $ (0.84) | $ (2.46) |
| Weighted average number of common shares outstanding | | | |
| Basic and diluted | 8,209,539 | 7,564,082 | 7,413,602 |

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

Table of Contents

**ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY / (DEFICIT)**

| | 12 Month Period Ended December 31, 2017 | 12 Month Period Ended December 31, 2016 | 12 Month Period Ended December 31, 2015 |
|---|---|---|---|
| **Preferred Stock, Series D – Shares** | | | |
| At beginning of year | — | — | 2,700 |
| Preferred stock converted to common | — | — | (2,700) |
| At end of year | — | — | — |
| **Common Stock – Shares** | | | |
| At beginning of year | 7,718,366 | 7,541,111 | 7,131,875 |
| Preferred stock converted to common | — | — | 2,700 |
| Common stock issued for subsidiary stock option settlement | — | — | 333,333 |
| Common stock issued for settlement of senior convertible notes | 670,455 | — | — |
| Common stock issued for services | 78,088 | 177,255 | 66,525 |
| 1 for 12 reverse stock split share round up | — | — | 6,678 |
| At end of year | 8,466,909 | 7,718,366 | 7,541,111 |
| **Preferred Stock, Series D** | | | |
| At beginning of year | $ — | $ — | $ 3 |
| Preferred stock converted to common | — | — | (3) |
| At end of year | $ — | $ — | $ — |
| **Common Stock** | | | |
| At beginning of year | $ 772 | $ 754 | $ 8,558 |
| Preferred stock converted to common | — | — | 3 |
| Common stock issued for subsidiary stock option settlement | — | — | 400 |
| Common stock issued for settlement of senior convertible notes | 67 | — | — |
| Common stock issued for services | 8 | 18 | 80 |
| Effect of 1 for 12 reverse stock split | — | — | (8,287) |
| At end of year | $ 847 | $ 772 | $ 754 |
| **Paid-in Capital** | | | |
| At beginning of year | $ 207,962,346 | $ 204,438,148 | $ 198,323,630 |
| Common stock issued for settlement of senior convertible notes | 3,352,207 | — | — |
| Common stock issued for services | — | 354,155 | 98,534 |
| Share-based compensation | 725,866 | 1,662,969 | 2,348,751 |
| Fair value of warrants attached convertible debt | — | 303,712 | — |
| Beneficial conversion feature on convertible debt | 62,925 | 630,519 | — |
| Net gain on debt extinguishment | — | 572,843 | — |
| Gain on debt restructuring from asset purchase agreement | — | — | 891,346 |
| Common stock issued for subsidiary stock option settlement | — | — | 2,519,600 |
| Subsidiary shares issued for services | — | — | 250,000 |
| Subsidiary acquisition | — | — | (2,000) |
| Effect of 1 for 12 reverse stock split | — | — | 8,287 |
| At end of year | $ 212,103,344 | $ 207,962,346 | $ 204,438,148 |
| **Accumulated Deficit** | | | |
| At beginning of year | $(226,950,438) | $(220,634,417) | $(202,427,254) |
| Net (loss) | (7,759,472) | (6,316,021) | (18,207,163) |
| At end of year | $(234,709,910) | $(226,950,438) | $(220,634,417) |
| **Non-controlling Interest** | | | |
| At beginning of year | $ (12,115,547) | $ (9,353,493) | $ (6,309,411) |
| Net (loss) | (3,261,670) | (2,762,054) | (3,044,082) |
| At end of year | (15,377,217) | (12,115,547) | (9,353,493) |
| Total stockholders' equity/(deficit) | $ (37,982,936) | $ (31,102,867) | $ (25,549,008) |

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

Table of Contents

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

| | 12 Month Period Ended December 31, 2017 | 12 Month Period Ended December 31, 2016 | 12 Month Period Ended December 31, 2015 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net (loss) before non-controlling interest | $(11,021,142) | $(9,078,075) | $(21,251,245) |
| Adjustments to reconcile net loss to net cash (used) in operating activities: | | | |
| Note payable interest accretion | 384,060 | 272,826 | 2,278,411 |
| Senior convertible debt interest settled with common stock issuance | 302,274 | — | — |
| Share-based compensation | 725,875 | 1,662,978 | 2,697,365 |
| Depreciation and amortization | 760,766 | 1,063,267 | 1,419,295 |
| Accounts receivable - reserve | — | 29,932 | — |
| Director fees settled with equity instruments | — | 176,664 | — |
| Fair value of warrants attached to convertible debt | — | 303,712 | — |
| Change in derivatives liabilities fair value | — | (3,402,416) | 1,175,971 |
| Financed lender fees | 50,000 | 50,000 | — |
| Loss on sale of property | — | — | 29,404 |
| Gain on transfer of assets and settlement of debt | — | — | (5,611,907) |
| Gain on sale of equipment | (289,328) | (992,595) | — |
| Deferred revenue | — | (383,148) | — |
| Inventory mark down | — | — | 151,922 |
| Common stock issued for subsidiary stock option settlement | — | — | 2,520,000 |
| Noncash interest expense incurred from debt settlement | — | — | 67,422 |
| (Increase) decrease in: | | | |
| Accounts receivable | 241,426 | 297,837 | (615,991) |
| Inventory | — | — | 1,189,123 |
| Other assets | 113,922 | (204,380) | 265,077 |
| Increase (decrease) in: | | | |
| Accounts payable | 999,488 | (329,864) | (3,503,353) |
| Accrued expenses and other | 1,881,977 | 2,228,070 | 2,024,299 |
| NET CASH (USED) IN OPERATING ACTIVITIES | (5,850,682) | (8,305,192) | (17,164,207) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from sale of real estate and equipment | 80,000 | 200,000 | 850,000 |
| Acquisition of subsidiary | — | — | (2,000) |
| Purchase of property and equipment | — | (129,684) | (48,411) |
| NET CASH PROVIDED BY IN INVESTING ACTIVITIES | 80,000 | 70,316 | 799,589 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of loan payable | 5,625,000 | 7,825,000 | 16,750,001 |
| Restricted cash held as collateral | — | (10,000) | 520,728 |
| Repayment of mortgage and loans payable | (408,768) | (158,798) | (1,808,344) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 5,216,232 | 7,656,202 | 15,462,385 |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (554,450) | (578,674) | (902,233) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,662,643 | 2,241,317 | 3,143,550 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 1,108,193 | $ 1,662,643 | $ 2,241,317 |
| SUPPLEMENTARY INFORMATION: | | | |
| Interest paid | $ 622,055 | $ 893,502 | $ 1,419,224 |
| Income taxes paid | $ — | $ — | $ — |
| NON-CASH TRANSACTIONS: | | | |
| Accrued and director fees compensation paid by equity instruments | $ — | $ 177,500 | $ — |
| Accounts payables settled as non-cash consideration for the sale of equipment | $ — | $ 890,598 | $ — |
| Asset received as non-cash consideration for the sale of other property & equipment | $ — | $ 350,000 | $ — |

Table of Contents

**Summary of Significant Non-Cash Transactions**

On December 10, 2015 we entered into an acquisition agreement with Monaco Financial, LLC in which assets with a carrying value of $13.5 million were consideration for the termination and or settlement of debt totaling $20.1 million (See NOTE R for further information).

During the second quarter 2017, we sold a marine vessel to a related party, Monaco Financial, LLC, for $650,000. The consideration for this vessel was applied against our loan balance to Monaco in the amount of $650,000, see NOTE E and NOTE I. During this same period, Epsilon Acquisitions LLC converted $3,050,000 plus accrued interest of $302,274 into 670,455 of our common shares, see NOTE I.

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

Table of Contents

**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. and subsidiaries (the "Company," "Odyssey," "us," "we" or "our") is engaged in deep-ocean exploration. Our innovative techniques are currently applied to mineral exploration, shipwreck cargo recovery, and other marine survey and exploration charter services. Our 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.

**Recent accounting pronouncements**

In May 2014, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers, or ASU 2014-09, which establishes a comprehensive revenue recognition standard under GAAP for almost all industries. The new standard will apply for annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is prohibited. Based on management's review of this new standard along with the substance of our transactions, management believes this standard will not have a material impact on our financial statements.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which establishes a comprehensive lease standard under GAAP for virtually all industries. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. A lessee is also required to record a right of use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. The new standard will apply for annual periods beginning after December 15, 2018, including interim periods therein, and requires modified retrospective application. Early adoption is permitted. Based on management's current understanding of this new standard along with the underlying substance of our operations, management believes it will not have a material impact on our financial statements.

Other recent accounting pronouncements issued by the FASB, the AICPA and the SEC did not or are not believed by management to have a material effect, if any, on the Company's financial statements.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its direct and indirect wholly owned subsidiaries, both domestic and international. Equity investments in which we exercise significant influence but do not control and of which we are not the primary beneficiary are accounted for using the equity method. All significant inter-company and intra-company transactions and balances have been eliminated. The results of operations attributable to the non-controlling interest are presented within equity and net income, and are shown separately from the Company's equity and net income attributable to the Company. Some of the existing inter-company balances, which are eliminated upon consolidation, include features allowing the liability to be converted into equity of a subsidiary, which if exercised, could increase the direct or indirect interest of the Company in the non-wholly owned subsidiaries.

**Use of Estimates**

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with U.S. GAAP. 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.

**Revenue Recognition and Accounts Receivable**

The Company recognizes revenue in accordance with the Financial Accounting Standards Board's (FASB) release of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) which requires that five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. Expenses related to the marine services expedition charter revenue (also referred to as "marine services" revenue) are recorded as incurred and presented under the caption "Operations and research" on our Consolidated Statements of Operations.

Bad debts are recorded as identified and, from time to time, a specific reserve allowance will be established when required. A return allowance is established for sales that have a right of return. Accounts receivable is stated net of any recorded allowances.

**Cash and Cash Equivalents**

Cash, cash equivalents and restricted cash 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. We have $10,010 of restricted cash for collateral related to a corporate credit card program.

**Inventory**

Prior to December 10, 2015, Odyssey held two main types of inventory: (i) cargo and coins held for re-sale and exhibits, and (ii) merchandise inventory for re-sale. On December 10, 2015, we sold all of the existing inventory items to Monaco Financial, LLC and its affiliates (See NOTE R for further information).

Our inventory principally consisted of cargo recovered from the SS *Republic* shipwreck, other artifacts, general branded merchandise and related packaging material. Inventoried costs of recovered cargo included the costs of recovery, conservation and administrative costs to obtain legal title to the cargo. We monitored the recorded aggregate costs of the recovered cargo in inventory to ensure the costs did not exceed the net realizable value. Historical sales, publications or available public market data were used to assess market value.

Packaging materials and merchandise were recorded at average cost. This inventory was recorded at the lower of cost or market.

Costs associated with the above noted items are the costs included in our costs of sales. Vessel costs associated with expedition revenue as well as exhibit costs are not included in cost of goods sold. Vessel costs include, but are not limited to, charter costs, fuel, crew and port fees. Vessel and exhibit costs are included in Operations and research in the Consolidated Statements of Income.

**Long-Lived Assets**

Our policy is to recognize impairment losses relating to long-lived assets in accordance with the Accounting Standards Codification ("ASC") topic for Property, Plant and Equipment. Decisions are based on several factors, including, but not limited to, management's plans for future operations, recent operating results and projected cash flows.

**Property and Equipment and Depreciation**

Property and equipment is stated at historical cost. Depreciation is calculated using the straight-line method at rates based on the assets' estimated useful lives which are normally between three and thirty years. Leasehold improvements are amortized over their estimated useful lives or lease term, if shorter. Major overhaul items (such as engines or generators) that enhanced or extended the useful life of vessel related assets qualified to be capitalized and depreciated over the useful life or remaining life of that asset, whichever was shorter. Certain major repair items required by industry standards to ensure a vessel's seaworthiness also qualified to be capitalized and depreciated over the period of time until the next scheduled planned major maintenance for that item. All other repairs and maintenance were accounted for under the direct-expensing method and are expensed when incurred.

Table of Contents

**Earnings Per Share**

See NOTE M regarding our 1-for-12 reverse stock split. Share related amounts have been retroactively adjusted in this report to reflect this reverse stock-split for all periods presented.

Basic earnings per share ("EPS") is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. In periods when the Company has income, the Company would calculate basic earnings per share using the two-class method, if required, pursuant to ASC 260 *Earnings Per Share*. The two-class method was required effective with the issuance of certain senior convertible notes in the past because these notes qualified as a participating security, giving the holder the right to receive dividends should dividends be declared on common stock. Under the two-class method, earnings for a period are allocated on a pro rata basis to the common stockholders and to the holders of convertible notes based on the weighted average number of common shares outstanding and number of shares that could be issued upon conversion. The Company does not use the two-class method in periods when it generates a loss because the holder of the convertible notes does not participate in losses. Currently, we do not have any convertible notes that qualify as a participating security.

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 if-converted method to compute potential common shares from preferred stock, convertible notes or other convertible securities. For diluted earnings per share, the Company uses the more dilutive of the if-converted method or two-class method. 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, 2017, 2016 and 2015 the weighted average common shares outstanding were 8,209,539, 7,564,082 and 7,413,602, respectively. For the periods ending December 31, 2017, 2016 and 2015 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:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Average market price during the period | $ 3.98 | $ 3.46 | $6.36 |
| In the money potential common shares from options excluded | 7,023 | 4,979 | — |
| In the money potential common shares from warrants excluded | 13,869 | — | — |

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.

| Per share exercise price | 2017 | 2016 | 2015 |
|---|---|---|---|
| Out of the money options excluded: | | | |
| $3.59 | — | 7,521 | — |
| $12.48 | 137,666 | 137,666 | 137,667 |
| $12.84 | 4,167 | 4,167 | 4,167 |
| $26.40 | 75,158 | 75,158 | 79,370 |
| $32.76 | — | — | 53,706 |
| $34.68 | — | 73,765 | 78,707 |
| $39.00 | 8,333 | 8,333 | 8,333 |
| $41.16 | — | 833 | 3,333 |
| $42.00 | — | 8,333 | 8,333 |
| $46.80 | — | 1,667 | 1,667 |
| Out-of-the-money warrants excluded: | | | |
| $3.52 | — | 120,000 | — |
| $43.20 | — | — | 130,208 |
| Total excluded | 225,324 | 437,443 | 505,491 |

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Excluded Convertible Preferred Stock | — | — | — |

The weighted average equivalent common shares relating to our unvested restricted stock awards that were excluded from potential common shares used in the earning per share calculation due to having an anti-dilutive effect are:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Excluded unvested restricted stock awards | 132,826 | 113,889 | 92,587 |

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, 2017 | 12 Month Period Ended December 31, 2016 | 12 Month Period Ended December 31, 2015 |
|---|---|---|---|
| Net loss | $(7,759,472) | $(6,316,021) | $(18,207,163) |
| Cumulative dividends on Series G Preferred Stock | — | — | — |
| Numerator, basic and diluted net loss available to stockholders | $(7,759,472) | $(6,316,021) | $(18,207,163) |
| Denominator: | | | |
| Shares used in computation – basic: | | | |
| Weighted average common shares outstanding | 8,209,539 | 7,564,082 | 7,413,602 |
| Shares used in computation – diluted: | | | |
| Weighted average common shares outstanding | 8,209,539 | 7,564,082 | 7,413,602 |
| Net loss per share – basic and diluted | $ (0.95) | $ (0.84) | $ (2.46) |

**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 the entire deferred tax asset will not be realized.

**Stock-based Compensation**

Our stock-based compensation is recorded in accordance with the guidance in the ASC topic for *Stock-Based Compensation* (See NOTE M).

**Fair Value of Financial Instruments**

Financial instruments consist of cash, evidence of ownership in an entity, and contracts that both (i) impose on one entity a contractual obligation to deliver cash or another financial instrument to a second entity, or to exchange other financial

instruments on potentially unfavorable terms with the second entity, and (ii) conveys to that second entity a contractual right (a) to receive cash or another financial instrument from the first entity, or (b) to exchange other financial instruments on potentially favorable terms with the first entity. Accordingly, our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, derivative financial instruments and mortgage and loans payable. We carry cash and cash equivalents, accounts payable and accrued liabilities, and mortgage and loans payable at the approximate fair market value, and, accordingly, these estimates are not necessarily indicative of the amounts that we could realize in a current market exchange. We carry derivative financial instruments at fair value as is required under current accounting standards. Redeemable preferred stock has been carried at historical cost and accreted carrying values to estimated redemption values over the term of the financial instrument.

Derivative financial instruments consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables (e.g., interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Further, derivative financial instruments are initially, and subsequently, measured at fair value and recorded as liabilities or, in rare instances, assets. See NOTE H for additional information. We generally do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we have entered into certain other financial instruments and contracts with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by ASC 815 – *Derivatives and Hedging*, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements with changes in fair value reflected in our income.

*Fair Value Hierarchy*

The three levels of inputs that may be used to measure fair value are as follows:

*Level 1*. Quoted prices in active markets for identical assets or liabilities.

*Level 2*. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.

*Level 3*. Unobservable inputs to the valuation methodology are significant to the measurement of the fair value of assets or liabilities. Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that we were unable to corroborate with observable market data.

**Redeemable Preferred Stock**

If we issue redeemable preferred stock instruments (or any other redeemable financial instrument), they are initially evaluated for possible classification as a liability in instances where redemption is certain to occur pursuant to ASC 480 – *Distinguishing Liabilities from Equity*. Redeemable preferred stock classified as a liability is recorded and carried at fair value. Redeemable preferred stock that does not, in its entirety, require liability classification is evaluated for embedded features that may require bifurcation and separate classification as derivative liabilities. In all instances, the classification of the redeemable preferred stock host contract that does not require liability classification is evaluated for equity classification or mezzanine classification based upon the nature of the redemption features. Generally, mandatory redemption requirements or any feature that could require cash redemption for matters not within our control, irrespective of probability of the event occurring, requires classification outside of stockholders' equity. Redeemable preferred stock that is recorded in the mezzanine section is accreted to its redemption value through charges to stockholders' equity when redemption is probable using the effective interest method. We have no redeemable preferred stock outstanding for the periods presented.

**Subsequent Events**

We have evaluated subsequent events for recognition or disclosure through the date this Form 10-K is filed with the Securities and Exchange Commission.

Table of Contents

**NOTE B – CONCENTRATION OF CREDIT RISK**

We maintain the majority of our cash at one financial institution. At December 31, 2017 and 2016, our uninsured cash balance was approximately $0.8 million and $1.5 million, respectively.

We do not have any outstanding loans that bear variable interest rates thus we do not have any corresponding interest rate risk.

**NOTE C – ACCOUNTS RECEIVABLE AND OTHER, NET**

Our accounts receivable consisted of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Trade | $ 7,376 | $ 2,569,108 |
| Related party | 183,453 | 205,497 |
| Other | 41,551 | 44,930 |
| Reserve allowance | — | (2,345,729) |
| Accounts receivable, net | $ 232,380 | $ 473,806 |

The trade receivable balance at December 31, 2016 consisted primarily of a trade receivable from Neptune Minerals, Inc., for which a reserve allowance for the full amount of $2,345,729 has been made for the reported period end. In February 2017, we entered into a debt agreement with SMOM Limited ("SMOM") for a financing arrangement pursuant to which we assigned the Neptune Minerals, Inc. receivable to SMOM as a commitment fee. Being fully reserved, the Neptune Minerals, Inc. receivable had a carrying value of zero. Monaco and related affiliates owe us $183,453 and $205,497 for the periods ended December 31, 2017 and 2016, respectively, for support services and marine services rendered on their behalf. See NOTE K for further information regarding Monaco.

**NOTE D – OTHER CURRENT ASSETS**

Our other current assets consist of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Prepaid expenses | $ 471,686 | $ 582,616 |
| Deposits | 23,841 | 26,846 |
| Total other current assets | $ 495,527 | $ 609,462 |

For the period ended December 31, 2017, prepaid expenses consisted of $316,795 for directors and officers insurance, $67,447 marine insurance, $75,784 of professional services and $11,660 of other insurances. The deposit balance is comprised of deposits for office space and professional services. For the period ended December 31, 2016, prepaid expenses consisted of $260,321 for directors and officers insurance, $132,316 marine insurance, $166,389 of professional services and $23,590 of other insurances. The deposit balance is comprised of deposits for office space and professional services. All prepaid expenses are amortized on a straight-line basis over the term of the underlying agreements. Deposits are held by various entities for equipment, services, and in accordance with agreements in the normal course of business.

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Marine asset held for sale | — | 416,329 |
| Computers and peripherals | 1,278,461 | 1,281,469 |
| Furniture and office equipment | 2,625,028 | 2,576,222 |
| Marine equipment | 12,835,409 | 13,331,008 |
| | 16,738,898 | 17,605,028 |
| Less: Accumulated depreciation | (16,145,082) | (15,809,774) |
| Property and equipment, net | $ 593,816 | $ 1,795,254 |

Table of Contents

During May 2016, we sold our vessel, *Odyssey Explorer*, for $200,000 in cash and a smaller vessel as consideration. The vessel received was valued at $350,000, based on management's best estimate at that time, considering its physical condition and the prevailing market. Subsequent to taking ownership of this vessel, we capitalized $66,329 of costs in order to prepare the vessel for sale. During the three-months ended June 30, 2017, we sold this marine vessel to a related party, Monaco Financial, LLC, for $650,000. The consideration for this vessel was applied against our loan balance to Monaco in the amount of $650,000, see NOTE I. During 2016, we sold marine operational assets for a gain of $992,595 of which $792,595 is non-cash. The non-cash gain portion is a result of receiving the in-kind asset earlier noted and the relief of trade related debt. The gain of $992,595 is included in Gain on sale of marine assets in our Consolidated Statement of Income in the relevant period.

**NOTE F – OTHER NON-CURRENT ASSETS**

Other long-term assets consist of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Deposits | $ 532,500 | $ 532,500 |
| Total other long-term assets | $ 532,500 | $ 532,500 |

Deposits for both years include $432,500 on account with the United Kingdom's Ministry of Defense relating to the expense deposits for HMS *Sussex* and $100,000 deposit to fund conservation and documentation of any artifacts recovered. Theses HMS *Sussex* deposits of $532,500 are refundable in their entirety, net of approved Ministry of Defense related expenses.

**NOTE G – INVESTMENT IN UNCONSOLIDATED ENTITY**

***Neptune Minerals, Inc. (NMI)***

Our current investment in NMI consists of 3,092,488 Class B Common non-voting shares and 2,612 Series A Preferred non-voting shares. These preferred shares are convertible into an aggregate of 261,200 shares of Class B non-voting common stock. Our holdings now constitute an approximate 14% ownership in NMI. At December 31, 2016, our estimated share of unrecognized NMI equity-method losses is approximately $21.3 million. We have not recognized the accumulated $21.3 million in our income statement because these losses exceeded our investment in NMI. Our investment has a carrying value of zero as a result of the recognition of our share of prior losses incurred by NMI under the equity method of accounting. We believe it is appropriate to allocate this loss carryforward of $21.3 million to any incremental NMI investment that may be recognized on our balance sheet in excess of zero since the losses occurred when they were an equity-method investment. The aforementioned loss carryforward is based on NMI's last unaudited financial statements as of December 31, 2016. We do not believe losses NMI may have incurred in 2017 to be material. We do not have any financial obligations to NMI, and we are not committed to provide financial support to NMI.

Although we are a shareholder of NMI, we have no representation on the board of directors or in management of NMI and do not hold any Class A voting shares. We are not involved in the management of NMI nor do we participate in their policy-making. Accordingly, we are not the primary beneficiary of NMI and are not required to consolidate NMI. As of December 31, 2017, the net carrying value of our investment in NMI was zero in our consolidated financial statements.

***Chatham Rock Phosphate, Limited.***

During 2012, we performed deep-sea mining exploratory services for Chatham Rock Phosphate, Ltd. ("CRP") valued at $1,680,000. As payment for these services, CRP issued 9,320,348 ordinary shares to us. During March 2017, Antipodes Gold Limited completed the acquisition of CRP. The surviving entity is now named Chatham Rock Phosphate Limited ("CRPL"). In exchange for our 9,320,348 shares of CRP we received 141,884 shares of CPRL, which represents equity ownership of approximately 1% of the surviving entity. Since CRP was a thinly traded stock and pursuant to guidance per ASC 320: *Debt and Equity Securities* regarding readily determinable fair value, we believe it was appropriate to not recognize this amount as an asset nor as revenue during that period. We continue to carry the value of our investment in CPRL at zero in our consolidated financial statements.

Table of Contents

**NOTE H - DERIVATIVE FINANCIAL INSTRUMENTS**

The following table summarizes the components of our derivative liabilities and linked common shares as of December 31, 2017 and December 31, 2016 and the amounts that were reflected in our income related to our derivatives for the periods then ended:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Derivative liabilities: | | |
| Embedded derivatives derived from: | | |
| 2014 Convertible Promissory Notes | $ — | $ — |
| | — | — |
| Warrant derivatives* | | |
| Senior Convertible Notes | — | — |
| Warrant derivatives | — | — |
| Total derivative liabilities | $ — | $ — |

* The warrant derivatives expired unexercised on November 11, 2016.

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Common shares linked to derivative liabilities: | | |
| Embedded derivatives: | | |
| 2014 Convertible Promissory Notes* | — | — |
| | — | — |
| Warrant derivatives | | |
| Senior Convertible Notes | — | — |
| | — | — |
| Total common shares linked to derivative liabilities | — | — |

* The common shares indexed to the 2014 Convertible Promissory Notes are shares indexed to Oceanica.

| | Years ended December 31, 2017 | 2016 |
|---|---|---|
| Derivative income (expense): | | |
| Unrealized gains (losses) from fair value changes: | | |
| 2014 Convertible Promissory Notes | $ — | $ 3,944,763 |
| Warrant derivatives | — | (542,347) |
| Total derivative income (expense) | $ — | $ 3,402,416 |

Current accounting principles that are provided in ASC 815 - *Derivatives and Hedging* require derivative financial instruments to be classified in liabilities and carried at fair value with changes recorded in income. In addition, the standards do not permit an issuer to account separately for individual derivative terms and features embedded in hybrid financial instruments that require bifurcation and liability classification as derivative financial instruments. Rather, such terms and features must be bundled together and fair valued as a single, compound embedded derivative. We have selected the Monte Carlo Simulations valuation technique to fair value the compound embedded derivative because we believe that this technique is reflective of all significant assumption types, and ranges of assumption inputs, that market participants would likely consider in transactions involving compound embedded derivatives. Such assumptions include, among other inputs, interest risk assumptions, credit risk assumptions and redemption behaviors in addition to traditional inputs for option models such as market trading volatility and risk free rates. We have selected Binomial Lattice to fair value our warrant derivatives because we believe this technique is reflective of all significant assumption types market participants would likely consider in transactions involving freestanding warrants derivatives. The Monte Carlo Simulations ("MCS") technique is a level three valuation technique because it requires the development of significant internal assumptions in addition to observable market indicators.

Table of Contents

Significant inputs and results arising from the Monte Carlo Simulations process are as follows for the share purchase options that have been bifurcated from our Monaco Notes and classified in liabilities as of March 8, 2016 (Modification Date), December 31, 2015, and the inception dates (Tranche 1 – August 14, 2014, Tranche 2 – October 1, 2014, Tranche 3 – December 1, 2014):

| | March 8, 2016*** | December 31, 2015 | August 14, 2014 |
|---|---|---|---|
| Tranche 1 – August 14, 2014: | | | |
| Underlying price on valuation date* | $1.25 | $2.50 | $2.50 |
| Contractual conversion rate | $3.15 | $3.15 | $3.15 |
| Contractual term to maturity** | 1.82 Years | 2.00 Years | 2.00 Years |
| Implied expected term to maturity | 1.24 Years | 1.82 Years | 1.85 Years |
| Market volatility: | | | |
| Range of volatilities | 96.0% - 154.0% | 85.2% - 109.8% | 37.0% - 62.2% |
| Equivalent volatilities | 120.1% | 98.1% | 51.2% |
| Contractual interest rate | 11.00% | 11.00% | 8.0% -11.0% |
| Equivalent market risk adjusted interest rates | 11.60% | 11.00% | 9.50% |
| Range of credit risk adjusted yields | 3.49% - 5.02% | 3.29% - 4.22% | 3.94% - 4.45% |
| Equivalent credit risk adjusted yield | 4.13% | 3.76% | 4.15% |

| | March 8, 2016*** | December 31, 2015 | October 1, 2014 |
|---|---|---|---|
| Tranche 2 – October 1, 2014: | | | |
| Underlying price on valuation date* | $1.25 | $2.50 | $2.50 |
| Contractual conversion rate | $3.15 | $3.15 | $3.15 |
| Contractual term to maturity** | 1.82 Years | 2.00 Years | 2.00 Years |
| Implied expected term to maturity | 1.24 Years | 1.82 Years | 1.79 Years |
| Market volatility: | | | |
| Range of volatilities | 96.0% - 154.0% | 85.2% - 109.8% | 58.6% - 75.3% |
| Equivalent volatilities | 120.1% | 98.1% | 68.00% |
| Contractual interest rate | 11.00% | 11.00% | 8.0% - 11.0% |
| Equivalent market risk adjusted interest rates | 11.60% | 11.00% | 9.25% |
| Range of credit risk adjusted yields | 3.49% - 5.02% | 3.29% - 4.22% | 3.97% - 4.61% |
| Equivalent credit risk adjusted yield | 4.13% | 3.76% | 4.24% |

| | March 8, 2016*** | December 31, 2015 | December 1, 2014 |
|---|---|---|---|
| Tranche 3 – December 1, 2014: | | | |
| Underlying price on valuation date* | $1.25 | $2.50 | $2.50 |
| Contractual conversion rate | $3.15 | $3.15 | $3.15 |
| Contractual term to maturity** | 1.82 Years | 2.00 Years | 2.00 Years |
| Implied expected term to maturity | 1.24 Years | 1.82 Years | 1.76 Years |
| Market volatility: | | | |
| Range of volatilities | 96.0% - 154.0% | 85.2% - 109.8% | 61.8% - 79.8% |
| Equivalent volatilities | 120.1% | 98.1% | 72.2% |
| Contractual interest rate | 11.00% | 11.00% | 8.0% -11.0% |
| Equivalent market risk adjusted interest rates | 11.60% | 11.00% | 9.25% |
| Range of credit risk adjusted yields | 3.49% - 5.02% | 3.29% - 4.22% | 4.29% - 4.84% |
| Equivalent credit risk adjusted yield | 4.13% | 3.76% | 4.52% |

* The instrument is convertible into shares of the Company's subsidiary, Oceanica, which is not a publicly-traded entity. Therefore, its shares do not trade on a public exchange. As a result, the underlying value was originally based on private sales of the subsidiary's shares because that was the best indicator of the value of the shares in the past. The last sale of Oceanica's shares in which a private investor accumulated 24% of the shares of which their last purchase price was for $2.50 per share in December 2013. Accordingly, the underlying price used in the past in the MCS calculations was the $2.50 for the inception dates and December 31, 2015. Being far removed from December 2013 while considering the modification in March 2016 of the new option price of $1.00 and other market conditions currently prevailing, management determined $1.25 to be fairly representative of the per share fair value.

** On December 10, 2015 the term was extended to December 31, 2017.

In March 2016 the term was extended to April 1, 2018.

*** In March 2016 the purchase price of the share purchase options was modified to $1.00 per share. As a result of the re-pricing, the share purchase options no longer require measurement as derivative liabilities. The MCS were calculated for the instruments just prior to the modification on March 8, 2016.

The following table reflects the issuances of the Share Purchase Option derivatives and changes in fair value inputs and assumptions for these derivatives during the years ended December 31, 2017 and 2016.

| | For the years ended December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Balances at January 1 | $— | $ 3,396,191 |
| Issuances | — | — |
| Modification | — | (1,456,826) |
| Changes in fair value inputs and assumptions reflected in income | — | (1,939,365) |
| Balances at December 31 | $— | $ — |

The fair value of all Share Purchase Option derivatives is significantly influenced by our trading market price, the price volatility in trading and the risk-free interest components of the Binomial Lattice technique.

On October 11, 2010, we also issued warrants to acquire 150,000 of our common shares in connection with the Series G Convertible Preferred Stock Financing. During April 4-8, 2011, we issued warrants to acquire 43,750 of our common shares in connection the Series G Convertible Preferred Stock and Warrant Settlement Transaction. Finally, on November 8, 2011, we issued warrants to acquire 108,507 of our common shares in connection with the Senior Convertible Note Financing Transaction. These warrants required liability classification as derivative financial instruments because certain down-round anti-dilution protection or price protection features included in the warrant agreements are not consistent with the concept of equity. We applied the Binomial Lattice valuation technique in estimating the fair value of the warrants because we believe that this technique is most appropriate and reflects all of the assumptions that market participants would likely consider in transactions involving the warrants, including the potential incremental value associated with the down-round anti-dilution protections.

The Binomial Lattice technique is a level three valuation technique because it requires the development of significant internal assumptions in addition to observable market indicators. All remaining warrants linked to 1,725,000 shares of common stock were exercised on October 11, 2013.

All remaining warrants linked to 525,000 shares of common stock expired unexercised on April 13, 2014 and are no longer outstanding.

Significant assumptions and utilized in the Binomial Lattice process are as follows for the warrants linked to 130,208 shares of common stock as of December 31, 2017 and December 31, 2016:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Linked common shares | — | 130,208 |
| Quoted market price on valuation date | — | $3.59 |
| Contractual exercise price | — | $43.20 |
| Term (years) | — | 0.60 |
| Range of market volatilities | — | 29.9% - 158.8% |
| Risk free rates using zero coupon US Treasury Security rates | — | 0.20% - 0.45% |

* The warrants expired unexercised on November 8, 2016.

Of the 108,507 common shares for which the warrant issued on November 8, 2011 could be exercised, 36,169 of those common shares were accessible only based upon the Company's election to require the lender to provide the additional financing. When the lender provided additional financing of $8,000,000 on May 10, 2012, the additional 36,169 of common shares became accessible. Warrants indexed to an additional 260,417 were issued in conjunction with the additional financing.

Table of Contents

The following table reflects the issuances of derivative warrants and changes in fair value inputs and assumptions related to the derivative warrants during the years ended December 31, 2017 and 2016.

| | Years ended December 31, 2017 | 2016 |
|---|---|---|
| Balances at January 1 | $ — | $ 6,225 |
| Changes in fair value inputs and assumptions reflected in income | | (6,082) |
| Expired | — | (143) |
| Balances at December 31 | $ — | $ — |

The fair value of all warrant derivatives is significantly influenced by our trading market price, the price volatility in trading and the risk free interest components of the Binomial Lattice technique.

**NOTE I –LOANS PAYABLE**

The Company's consolidated notes payable consisted of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Note 1 – Monaco 2014 | $ 2,800,000 | $ 2,800,000 |
| Note 2 – Monaco 2016 | 1,138,441 | 1,535,501 |
| Note 3 – MINOSA | 14,750,001 | 14,750,001 |
| Note 4 – Epsilon | 1,000,000 | 5,981,806 |
| Note 5 – SMOM | 3,000,000 | — |
| Note 6 – MINOSA 2 | 4,675,000 | — |
| | $27,363,442 | $25,067,308 |

**Note 1 – Monaco 2014**

On August 14, 2014, we entered into a Loan Agreement with Monaco Financial, LLC ("Monaco"), a strategic marketing partner, pursuant to which Monaco agreed to lend us up to $10.0 million. The loan was issued in three tranches: (i) $5.0 million (the "First Tranche") was advanced upon execution of the Loan Agreement; (ii) $2.5 million (the "Second Tranche") was advanced on October 1, 2014; and (iii) $2.5 million (the "Third Tranche") was advanced on December 1, 2014. The Notes bear interest at a rate equal to 11% per annum. The Notes also contain an option whereby Monaco can purchase shares of Oceanica held by Odyssey (the "Share Purchase Option") at a purchase price which is the lower of (a) $3.15 per share or (b) the price per share of a contemplated equity offering of Oceanica which totals $1.0 million or more in the aggregate. The share purchase option was not clearly and closely related to the host debt agreement and required bifurcation.

On December 10, 2015, these promissory notes were amended as part of the asset acquisition agreement with Monaco (See NOTE R for further information). The amendment included the following material changes: (i) $2.2 million of the indebtedness represented by the Notes was extinguished, (ii) $5.0 million of the indebtedness represented by the Notes ceased to bear interest and is only repayable under certain circumstances from certain sources of cash, and (iii) the maturity date on the Notes was extended to December 31, 2017. During March 2016, the maturity date was further extended to April 1, 2018 and the purchase price of the Share Purchase Option was re-priced to $1.00 per share. See "Loan Modification (March 2016)" below.

The outstanding interest-bearing balance of these Notes was $2.8 million at December 31, 2017 and 2016, respectively.

**Note 2 – Monaco 2016**

In March 2016, Monaco agreed to lend us an additional $1,825,000. These loan proceeds were received in full during the first quarter of 2016. The indebtedness bears interest at 10.0% percent per year. All principal and any unpaid interest is payable on April 15, 2018. The current outstanding balance is $1,175,000. The indebtedness is convertible at any time until the maturity date into shares of Oceanica held by us at a conversion price of $1.00 per share. Pursuant to this loan and as security for the indebtedness, Monaco was granted a second priority security interest in (a) one-half of the indebtedness evidenced by the Amended and Restated Consolidated Note and Guaranty, dated September 25, 2015 (the "ExO Note"), in the original principal amount of $18.0 million, issued by Exploraciones Oceanicas S. de R.L. de C.V. to Oceanica Marine Operations, S.R.L. ("OMO"), and all rights associated therewith (the "OMO Collateral"); and (b) all technology and assets in our possession or control used for offshore exploration, including an ROV system, deep-tow search systems, winches, multi-beam sonar, and other equipment. The carrying value of this equipment is $0.9 million. We unconditionally and irrevocably guaranteed all obligations of ours and our subsidiaries to Monaco under this loan agreement. As further consideration for the loan, Monaco was granted an option (the "Option") to purchase the OMO Collateral. The Option is

exercisable at any time before the earlier of (a) the date that is 30 days after the loan is paid in full or (b) the maturity date of the ExO Note, for aggregate consideration of $9.3 million, $1.8 million of which would be paid at the closing of the exercise of the Option, with the balance paid in ten monthly installments of $750,000. During the three-months ended June 30, 2017, we sold a marine vessel to a related party of Monaco for $650,000. The consideration for this vessel was applied against our loan balance to Monaco in the amount of $650,000.

***Accounting considerations***

ASC 815 generally requires the analysis of embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. The option to purchase the OMO Collateral is an embedded feature that is not clearly and closely related to the host debt agreement and thus requires bifurcation. Since the option is out of the money, it has no material fair value as of the inception date or currently. The debt agreement did not contain any additional embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did result in a BCF because the effective conversion price was less than the market price on the date of issuance, therefore a BCF of $456,250 was recorded. At December 31, 2017, a BCF of $36,559 remains. The BCF represents a debt discount which will be amortized over the life of the loan. For the twelve months ended December 31, 2017 and 2016, interest expense related to the discount in the amount of $252,940 and $166,750, respectively, was recorded. For the twelve months ended December 31, 2017 and 2016, accrued interest in the amount of $134,527 and $143,774, respectively, was recorded.

***Loan modification (December 2015)***

In connection with the Acquisition Agreement entered into with Monaco on December 10, 2015, Monaco agreed to modify certain terms of the loans as partial consideration for the purchase of assets. For the First Tranche ($5,000,000 advanced on August 14, 2014), Monaco agreed to cease interest as of December 10, 2015 and reduce the loan balance by (i) the cash or other value received from the SS *Central America* shipwreck project ("SSCA") or (ii) if the proceeds received from the SSCA project are insufficient to pay off the loan balance by December 31, 2017, then Monaco can seek repayment of the remaining outstanding balance on the loan by withholding Odyssey's 21.25% "additional consideration" in new shipwreck projects performed for Monaco in the future. For the Second Tranche ($2,500,000 advanced on October 1, 2014), Monaco agreed to reduce the principal amount by $2,200,000 leaving a new principal balance of $300,000 and extension of maturity to December 31, 2017. For the Third Tranche ($2,500,000 advanced on December 1, 2014), Monaco agreed to the extension of maturity to December 31, 2017.

On December 10, 2015, the Monaco call option on $10 million of Oceanica shares held by Odyssey was maintained for the full amount of the original loan amount and was extended until December 31, 2017.

As further described in NOTE R, the Acquisition Agreement was accounted for as a troubled debt restructuring in accordance with ASC 470-60. As a result of the troubled debt restructuring, the carrying values of the remaining Monaco loans were required to be recorded at their undiscounted future cash flow values, which amounted to $3,449,632. No interest expense was to be recorded going forward. Interest payments in the three months ended March 31, 2016 reduced the carrying value.

***Loan modification (March 2016)***

In connection with the $1.825 million loan agreement with Monaco in March 2016, the existing $2.8 million notes were modified. Of the combined total indebtedness of Monaco's Note 1 and Note 2, Monaco can convert this debt into 3,174,603 shares of Oceanica at a fixed conversion price of $1.00 per share, or $3,174,603. Any remaining debt in excess of $3,174,603 is not convertible. Additionally, the modification eliminated Monaco's option ("share purchase option") to purchase 3,174,603 shares of Oceanica stock at a price of $3.15 per share. The modification was analyzed under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480") to determine if extinguishment accounting was applicable. Under ASC 470-50-40-10 a modification or an exchange that adds or eliminates a substantive conversion option as of the conversion date is always considered substantial and requires extinguishment accounting. Since this modification added a substantive conversion option, extinguishment accounting is applicable. In accordance with the extinguishment accounting guidance (a) the share purchase option was first marked to its pre-modification fair value, (b) the new debt was recorded at fair value and (c) the old debt and share purchased option was removed. The difference between the fair value of the new debt and the sum of the pre-modification carrying amount of the old debt and the share purchase option's fair value represented a gain on

extinguishment. ASC 470-50-40-2 indicates that debt restructuring with a related party may be in essence a capital transaction and as a result the gain upon extinguishment was recognized in additional paid in capital. We performed the following steps:

***Step 1***: After the share purchase option has been marked to its pre-modification fair value, the fair value of the new debt is determined. The fair value of the new debt is as follows:

| Monaco loans | Loan one |
|---|---|
| Forward cash flows: | |
| Principal | $2,800,000 |
| Interest | 559,463 |
| Total forward cash flows | $3,359,463 |
| Present value of forward cash flows | $2,554,371 |
| Fair value of equity conversion option | 1,063,487 |
| Fair value of debt | $3,617,858 |

Significant inputs and results arising from the Binomial Lattice process are as follows for the conversion option that is classified in equity after the modification in March 2016:

| | |
|---|---|
| Underlying price on valuation date | $1.25 |
| Contractual conversion rate | $1.00 |
| Contractual term to maturity | 1.82 Years |
| Implied expected term to maturity | 1.82 Years |
| Market volatility: | |
| Range of volatilities | 96.0% - 154.0% |
| Equivalent volatilities | 120.1% |
| Risk free rates using zero coupon US Treasury Security rates | 0.29% - 0.68% |
| Equivalent market risk adjusted interest rates | 0.52% |

| Monaco loans | Loan one |
|---|---|
| Forward cash flows: | |
| Face value | $2,800,000 |
| Fair value | 3,617,858 |
| Difference (premium)* | $ 817,858 |

* ASC 470-20-25-13 provides that if a convertible debt instrument is issued at a substantial premium, there is a presumption that such premium represents paid in capital. Since the total face amount of the new loans is $2,800,000, we conclude that the $817,858 was substantial and recorded that premium to additional paid-in capital.

***Step 2***: The old debt and call option are removed with any difference between the fair value of the new debt and the sum of the pre-modification carrying amount of the old debt and the call option's fair value recognized as a gain or loss upon extinguishment. The allocation is as follows:

| | Allocation |
|---|---|
| Derivative liabilities (share purchase options) | $ 1,456,825 |
| Monaco Loan (Old Debt) | 3,372,844 |
| Monaco Loan (New Debt) | (2,800,000) |
| APIC (Premium) | (817,858) |
| Difference to APIC* | $ 1,211,811 |

* The difference between the fair value of the new debt and the sum of the pre-modification carrying amount of the old debt and the share purchase option's fair value represented a gain on extinguishment. ASC 470-50-40-2 indicates that debt restructuring with a related party may be in essence a capital transaction and as a result the gain upon extinguishment was recognized in additional paid in capital.

Table of Contents

**Note 3 – MINOSA**

On March 11, 2015, in connection with a Stock Purchase Agreement, Minera del Norte, S.A. de C.V. ("MINOSA") agreed to lend us up to $14.75 million. The entire $14.75 million was loaned in five advances from March 11 through June 30, 2015. The outstanding indebtedness bears interest at 8.0% percent per annum. The Promissory Note was amended on April 10, 2015 and on October 1, 2015 so that, unless otherwise converted as provided in the Note, the adjusted principal balance shall be due and payable in full upon written demand by MINOSA; provided that MINOSA agrees that it shall not demand payment of the adjusted principal balance earlier than the first to occur of: (i) 30 days after the date on which (x) SEMARNAT makes a determination with respect to the current application for the Manifestacion de Impacto Ambiental relating to the Don Diego Project, which determination is other than an approval or (y) Odyssey Marine Enterprises or any of its affiliates withdraws such application without MINOSA's prior written consent; (ii) termination by Odyssey of the Stock Purchase Agreement, dated March 11, 2015 (the "Purchase Agreement"), among Odyssey, MINOSA, and Penelope Mining, LLC (the "Investor"); (iii) the occurrence of an event of default under the Promissory Note; (iv) December 31, 2015; or (v) if and only if the Investor shall have terminated the Purchase Agreement pursuant to Section 8.1(d)(iii) thereof, March 30, 2016. This debt is classified as short-term debt. In connection with the loans, we granted MINOSA an option to purchase our 54% interest in Oceanica for $40.0 million (the "Oceanica Call Option. As of March 11, 2016, the Oceanica Call has expired. Completion of the transaction requires amending the Company's articles of incorporation to (a) effect a reverse stock split, which was done on February 19, 2016, (b) adjusting the Company's authorized capitalization, which was also done on February 19, 2016, and (c) establishing a classified board of directors (collectively, the "Amendments"). The Amendments have been or will be set forth in certificates of amendment to the Company's articles of incorporation filed or to be filed with the Nevada Secretary of State. As collateral for the loan, we granted MINOSA a security interest in the Company's 54% interest in Oceanica. The outstanding principal balance of this debt was $14.75 million at December 31, 2017 and December 31, 2016, respectively. The maturity date of this note has been amended and matured on March 18, 2017. Per Note 6 MINOSA 2 below, the Minosa Purchase Agreement amended the due date of this note to a due date which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that Minosa intends to demand payment. See Note 6 – MINOSA 2 for further qualifications. During December 2017, MINOSA transferred this debt to its parent company.

***Accounting considerations***

We have accounted for this transaction as a financing transaction, wherein the net proceeds received were allocated to the financial instruments issued. Prior to making the accounting allocation, we evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480"), ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 320 *Property, Plant and Equipment* ("ASC 320").

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. The Oceanica Call Option is considered a freestanding financial instrument because it is both (i) legally detachable and (ii) separately exercisable. The Oceanica Call Option did not fall under the guidance of ASC 480. Additionally, it did not meet the definition of a derivative under ASC 815 because the option has a fixed value of $40.0 million and does not contain an underlying variable which is indicative of a derivative. This instrument is considered an option contract for a sale of an asset. The guidance applied in this case is ASC 360-20, which provides that in situations when a party lends funds to a seller and is given an option to buy the property at a certain date in the future, the loan shall be recorded at its present value using market interest rates and any excess of the proceeds over that amount credited to an option deposit account. If the option is exercised, the deposit shall be included as part of the sales proceeds; if not exercised, it shall be credited to income in the period in which the option lapses.

Based on the previous conclusions, we allocated the cash proceeds first to the debt at its present value using a market rate of 15%, which is management's estimate of a market rate loan for the Company, with the residual allocated to the Oceanica Call Option, as follows:

| | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | Tranche 5 | Total |
|---|---|---|---|---|---|---|
| Promissory Note | $1,932,759 | $5,826,341 | $2,924,172 | $1,960,089 | $ 1,723,492 | $14,366,853 |
| Deferred Income (Oceanica Call Option) | 67,241 | 173,659 | 75,828 | 39,911 | 26,509 | 383,148 |
| Proceeds | $2,000,000 | $6,000,000 | $3,000,000 | $2,000,000 | $1,750,0001 | $14,750,001 |

The call option amount of $383,148 represented a debt discount. This discount has been fully accreted up to face value using the effective interest method.

**Note 4 – Epsilon**

On March 18, 2016 we entered into a Note Purchase Agreement (“Purchase Agreement”) with Epsilon Acquisitions LLC (“Epsilon”). Pursuant to the Purchase Agreement, Epsilon loaned us $3.0 million in two installments of $1.5 million on March 31, 2016 and April 30, 2016. The indebtedness bears interest at a rate of 10% per annum and was due on March 18, 2017. We were also responsible for $50,000 of the lender’s out of pocket costs. This amount is included in the loan balance. In pledge agreements related to the loans, we granted security interests to Epsilon in (a) the 54 million cuotas (a unit of ownership under Panamanian law) of Oceanica Resources S. de R.L. (“Oceanica”) held by our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd. (“OME”), (b) all notes and other receivables from Oceanica and its subsidiary owed to the Odyssey Pledgors, and (c) all of the outstanding equity in OME. Epsilon has the right to convert the outstanding indebtedness into shares of our common stock upon 75 days’ notice to us or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the conversion price of $5.00 per share, which represents the five-day volume-weighted average price of Odyssey’s common stock for the five trading day period ending on March 17, 2016. On January 25, 2017, Epsilon provided notice to us that it will convert the initial $3.0 million plus accrued interest per the Restated Note Purchase Agreement at $5.00 per share in accordance with the terms of the agreement. The conversion and issuance of new shares is effective April 10, 2017 and includes accrued interest of $302,274 for a total 670,455 shares. Upon the occurrence and during the continuance of an event of default, the conversion price was to be reduced to $2.50 per share. Following any conversion of the indebtedness, Penelope Mining LLC (an affiliate of Epsilon) (“Penelope”), may elect to reduce its commitment to purchase preferred stock of Odyssey under the Stock Purchase Agreement, dated as of March 11, 2015 (as amended, the “Stock Purchase Agreement”), among Odyssey, Penelope, and Minera del Norte, S.A. de C.V. (“MINOSA”) by the amount of indebtedness converted.

Pursuant to the Purchase Agreement (a) we agreed to waive our rights to terminate the Stock Purchase Agreement in accordance with the terms thereof until December 31, 2016, and (b) MINOSA agreed to extend, until March 18, 2017, the maturity date of the $14.75 million loan extended by MINOSA to OME pursuant to the Stock Purchase Agreement. The indebtedness may be accelerated upon the occurrence of specified events of default including (a) OME’s failure to pay any amount payable on the date due and payable; (b) OME or we fail to perform or observe any term, covenant, or agreement in the Purchase Agreement or the related documents, subject to a five-day cure period; (c) an event of default or material breach by OME, us or any of our affiliates under any of the other loan documents shall have occurred and all grace periods, if any, applicable thereto shall have expired; (d) the Stock Purchase Agreement shall have been terminated; (e) specified dissolution, liquidation, insolvency, bankruptcy, reorganization, or similar cases or actions are commenced by or against OME or any of its subsidiaries, in specified circumstances unless dismissed or stayed within 60 days; (f) the entry of judgment or award against OME or any of its subsidiaries in excess or $100,000; and (g) a change in control (as defined in the Purchase Agreement) occurs.

In connection with the execution and delivery of the Purchase Agreement, we and Epsilon entered into a registration rights agreement pursuant to which we agreed to register new shares of our common stock with a formal registration statement with the Securities and Exchange Commission upon the conversion of the indebtedness.

***Accounting considerations***

We have accounted for this transaction as a financing transaction, wherein the net proceeds received were allocated to the financial instruments issued. Prior to making the accounting allocation, we evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* (“ASC 480”), ASC 815 *Derivatives and Hedging* (“ASC 815”) and ASC 320 *Property, Plant and Equipment* (“ASC 320”).

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature (“BCF”). The calculation of the effective conversion amount did result in a BCF because the effective conversion price was less than the Company’s stock price on the date of issuance, therefore a BCF of $96,000 was recorded. The BCF represents a debt discount which was amortized over the life of the loan.

***Loan modification (October 1, 2016)***

On October 1, 2016 Odyssey Marine Enterprises, Ltd. ("OME"), entered into an Amended and Restated Note Purchase Agreement (the "Restated Note Purchase Agreement") with Epsilon Acquisitions LLC ("Epsilon"). In connection with the existing $3.0 million loan agreement, Epsilon agreed to lend an additional $3.0 million of secured convertible promissory notes. The convertible promissory notes bear an interest rate of 10.0% per annum and are due and payable on March 18, 2017. Epsilon has the right to convert all amounts outstanding under the Restated Note into shares of our common stock upon 75 days' notice to OME or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the applicable conversion price, which is (a) $5.00 per share with respect to the $3.0 million already advanced under the Restated Note and (b) with respect to additional advances under the Restated Note, the five-day volume-weighted average price of our common stock for the five trading day period ending on the trading day immediately prior to the date on which OME submits a borrowing notice for such advance. Notwithstanding anything herein to the contrary, we shall not issue any of our common stock upon conversion of any outstanding tranche (other than the first $3.0 million already advanced) under this Restated Note in excess of 1,388,769 shares of common stock. The additional tranches were issued as follows: (a) $1,000,000 ("Tranche 3") was issued on October 16, 2016 with a conversion price of $3.52 per share; (b) $1,000,000 ("Tranche 4") was issued on November 15, 2016 with a conversion price of $4.19 per share; and (c) $1,000,000 ("Tranche 5") was issued on December 15, 2016 with a conversion price of $4.13 per share. During 2017, Epsilon assigned Tranche 4 and 5 totaling $2,000,000 of this debt to MINOSA under the same terms as the original debt. See Note – MINOSA 2 below for further detail.

As an inducement for the issuance of the additional $3.0 million of promissory notes, we also delivered to Epsilon a common stock purchase warrant (the "Warrant") pursuant to which Epsilon has the right to purchase up to 120,000 shares of our common stock at an exercise price of $3.52 per share, which exercise price represents the five-day volume-weighted average price of our common stock for the five trading day period ending on the trading day immediately prior to the day on which the Warrant was issued. Epsilon may exercise the Warrant in whole or in part at any time during the period ending October 1, 2021. The Warrant includes a cashless exercise feature and provides that, if Epsilon is in default of its obligations to fund any advance pursuant to and in accordance with the Restated Note Purchase Agreement, then, thereafter, the maximum aggregate number of shares of common stock that may be purchased under the Warrant shall be the number determined by multiplying 120,000 by a fraction, (a) the numerator of which is the aggregate principal amount of advances that have been extended to the OME by Epsilon pursuant to the Restated Note Purchase Agreement on or after the date of the Warrant and prior to the date of such failure and (b) the denominator of which is $3.0 million.

***Accounting considerations for additional tranches***

We evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480"), ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 320 *Property, Plant and Equipment* ("ASC 320"). This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. Additionally, the warrant agreement did not contain any terms or features that would preclude equity classification. We were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The allocations of the three additional tranches were as follows.

| | Tranche 3 | Tranche 4 | Tranche 5 |
|---|---|---|---|
| Promissory Note | $ 981,796 | $ 939,935 | $1,000,000 |
| Beneficial Conversion Feature ("BCF")* | 18,204 | 60,065 | — |
| Proceeds | $1,000,000 | $1,000,000 | $1,000,000 |

A beneficial conversion feature arises when the calculation of the effective conversion price is less than the Company's stock price on the date of issuance. Tranche 5 did not result in a BCF because the effective conversion price was greater than the company's stock price on the date of issuance.

The warrants fair values were calculated using Black-Scholes Merton ("BSM"). The aggregate fair value of the warrants totaled $303,712. Since the warrants were issued as an inducement to Epsilon to issue additional debt, we recorded an inducement expense of $303,712. For the years of 2017 and 2016, interest expense related to the discount in the amount of $0 and $32,641, respectively, was recorded. For the twelve months ended December 31, 2017 and 2016, accrued interest in the amount of $299,294 and $259,372, respectively, was recorded.

***Term Extension (March 21, 2017)***

On March 21, 2017 we entered into an amendment to the Restated Note Purchase Agreement with Epsilon. In connection with the existing $6.0 million loan agreement, the adjusted principal balance is due and payable in full upon the earlier of (i) written demand by Epsilon or (ii) such time as Odyssey or the guarantor pays any other indebtedness for borrowed money prior to its stated maturity date. As such the Company amortized the notes up to their face value of $6,050,000 and they are classified as short-term. However, since Epsilon converted the first $3.0 million into 670,455 of our common shares and assigned $2.0 million to MINOSA, the current principal indebtedness at December 31, 2017 is $1.0 million.

**Note 5 – SMOM**

On May 4, 2017, we entered into a Loan and Security Agreement ("Loan Agreement") with SMOM. Pursuant to the Loan Agreement, SMOM agreed to loan us up to $3.0 million as evidenced by a convertible promissory note. As a commitment fee, we assigned the remaining 50% of our Neptune Minerals, LLC receivable to SMOM. This receivable had zero carrying value on our balance sheet (See NOTE C). The loan balance at December 31, 2017 is $3.0 million. The indebtedness bears interest at a rate of 10% per annum and matures on the second anniversary of this Loan Agreement. The holder has the option to convert any unpaid principal and interest into up to 50% of the equity interest held by Odyssey in Aldama Mining Company, S.de R.L. de C.V. which is a wholly owned subsidiary of ours. The conversion value of $1.0 million equates to 10% of the equity interest in Aldama. If the holder elects to acquire the entire 50% of the equity interest, but the amount of debt and interest accumulated to be converted is insufficient to acquire the entire 50% equity interest, the Holder has to pay the deficiency in cash. As additional consideration for the loan, the holder has the right to purchase from Odyssey all or a portion of the equity collateral (up to the 50% of the equity interest of Aldama) for the option consideration ($1.0 million for each 10% of equity interests) during the period that is the later of (i) one year after the maturity date and (ii) one year after the loan is repaid in full, the expiration date. The lender may also choose to extend the expiration date annually by paying $500,000 for each year extended.

***Accounting considerations***

We have accounted for this transaction as a financing transaction, wherein the net proceeds received were allocated to the financial instruments issued. Prior to making the accounting allocation, we evaluated for proper classification under ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480"), ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 320 *Property, Plant and Equipment* ("ASC 320").

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did not result in a BCF because the effective conversion price was equal to the Company's stock price on the date of issuance.

**Note 6 – MINOSA 2**

On August 10, 2017, we entered into a Note Purchase Agreement (the "Minosa Purchase Agreement") with MINOSA. Pursuant to the Minosa Purchase Agreement, MINOSA whereas MINOSA will loan Enterprises up to $3.0 million. During 2017, we borrowed $2.7 million against this facility and Epsilon assigned $2.0 million of its debt to MINOSA. At December 31, 2017, the outstanding principal balance, including the Epsilon assignment, is $4.7 million. The indebtedness is evidenced by a secured convertible promissory note (the "Minosa Note") and bears interest at a rate equal to 10.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under this Minosa Note and all accrued interest and fees are due and payable upon written demand by MINOSA; provided, that MINOSA agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that MINOSA intends to demand payment. MINOSA has not provided any notice they intend to issue a payment demand notice. We unconditionally and irrevocably guaranteed all of the obligations under the Minosa Purchase Agreement and the Minosa Note. MINOSA has the right to convert all amounts outstanding under the Minosa Note into shares of our common stock upon 75 days' notice to us or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the conversion price of $4.41 per share. During December 2017, MINOSA transferred this debt to its parent company.

This debt agreement did not contain any embedded terms or features that have characteristics of derivatives. However, we were required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The calculation of the effective conversion amount did result in a BCF because the effective conversion price was less than the Company's stock price on the date of issuance, therefore a BCF of $62,925 was recorded. As of December 31,2017, all of the BCF has been accreted to the income statement. The BCF represented a debt discount that was amortized over the life of the loan.

As previously reported, Epsilon loaned us an aggregate of $6.0 million pursuant to an amended and restated convertible promissory Minosa Note, dated as of March 18, 2016, as further amended and restated on October 1, 2016 (the "Epsilon Note"). Since then, Epsilon has assigned $2.0 million of the indebtedness under the Epsilon Note to MINOSA. Along with Epsilon, we entered into a second amended and restated convertible promissory note (the "Second AR Epsilon Note"), which further amends and restates the Epsilon Note. The stated principal amount of the Second AR Epsilon Note is $1.0 million (which reflects the outstanding principal balance remaining after giving effect to Epsilon's (x) previous assignment of $2.0 million of the indebtedness under the Epsilon Note to MINOSA and (y) conversion of $3.0 million of the indebtedness under the Epsilon Note into shares of our common stock). The Second AR Epsilon Note further provides that the outstanding principal balance under the Second AR Epsilon Note and all accrued interest and fees are due and payable upon written demand by Epsilon; provided, that Epsilon agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Second AR Epsilon Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that MINOSA intends to demand payment.

Upon the closing of the Minosa Purchase Agreement, along with MINOSA, and Penelope Mining LLC, an affiliate of Minosa ("Penelope"), executed and delivered a Second Amended and Restated Waiver and Consent and Amendment No. 5 to Promissory Note and Amendment No. 2 to Stock Purchase Agreement (the "Second AR Waiver"). Pursuant to the Second AR Waiver, Minosa and Penelope consented to the transactions contemplated by the Minosa Purchase Agreement and waived any breach of any representation or warranty and violation of any covenant in the Stock Purchase Agreement, dated as of March 11, 2015, as amended April 10, 2015 (the "SPA"), by and among us, Minosa, and Penelope, arising out of the Company's execution and delivery of the Minosa Purchase Agreement and the consummation of the transactions contemplated thereby. Pursuant to the Second AR Waiver, we also waived, and agreed not to exercise our right to terminate the SPA pursuant to Section 8.1(c)(ii) thereto, both (a) until after the earlier of (i) July 1, 2018, (ii) the date that MINOSA fails, refuses, or declines to fund (or otherwise does not fund) any subsequent loan under the Minosa Purchase Agreement and (iii) demand is made for repayment of all or any part of the indebtedness outstanding under the Minosa Note, the Second AR Epsilon Note, or the Promissory Note, dated as of March 11, 2015, as amended (the "SPA Note"), in the principal amount of $14.75 million that was issued by us to MINOSA under the SPA, and (b) unless on or prior to such termination, the Notes are paid in full.

The Second AR Waiver (x) further provides that following any conversion of the indebtedness evidenced by the Minosa Note, Penelope may elect to reduce its commitment to purchase our preferred stock under the SPA by the amount of indebtedness converted by MINOSA and (y) amends the SPA Note to provide that the outstanding principal balance under the SPA Note and all accrued interest and fees are due and payable upon written demand by MINOSA; provided, that Minosa agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice that Minosa intends to demand payment.

The obligations under the Minosa Note may be accelerated upon the occurrence of specified events of default including (a) our failure to pay any amount payable under the Minosa Note on the date due and payable; (b) our failure to perform or observe any term, covenant, or agreement in the Minosa Note or the related documents, subject to a five-day cure period; (c) the occurrence and expiration of all applicable grace periods, if any, of an event of default or material breach by us under any of the other loan documents; (d) the termination of the SPA; (e) commencement of certain specified dissolution, liquidation, insolvency, bankruptcy, reorganization, or similar cases or actions by or against us, in specified circumstances unless dismissed or stayed within 60 days; (f) the entry of a judgment or award against us in excess of $100,000; and (g) the occurrence of a change in control (as defined in the Minosa Note).

Pursuant to second amended and restated pledge agreements (the "Second AR Pledge Agreements") entered into by us in favor of MINOSA, the we pledged and granted security interests to MINOSA in (a) the 54 million cuotas (a unit of ownership under Panamanian law) of Oceanica held by us, (b) all notes and other receivables from Oceanica and its subsidiary owed to us, and (c) all of the outstanding equity in our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd.

In connection with the execution and delivery of the Minosa Purchase Agreement, Odyssey and MINOSA entered into a second amended and restated registration rights agreement (the "Second AR Registration Rights Agreement") pursuant to which Odyssey agreed to register the offer and sale of the shares (the "Conversion Shares") of our common stock issuable upon the conversion of the indebtedness evidenced by the Minosa Note. Subject to specified limitations set forth in the Second AR Registration Rights Agreement, including that we are eligible to use Form S-3, the holder of the Minosa Note can require us to register the offer and sale of the Conversion Shares if the aggregate offering price thereof (before any underwriting discounts and commissions) is not less than $3.0 million. In addition, we agreed to file a registration statement relating to the offer and sale of the Conversion Shares on a continuous basis promptly (but in no event later than 60 days after) after the conversion of the Minosa Note into the Conversion Shares and to thereafter use its reasonable best efforts to have such registration statement declared effective by the Securities and Exchange Commission.

Table of Contents

**Long-Term Obligation Maturities**:

| | Total | 2018 | 2019 | 2020 | 2021 | 2022 | More than 5 years |
|---|---|---|---|---|---|---|---|
| Long term obligations | $3,000,000 | $— | $3,000,000 | $— | $— | $— | $ — |
| Operating lease | — | — | — | — | — | — | — |
| Interest on obligations | 402,329 | — | 402,329 | — | — | — | — |
| Total obligations | $3,402,329 | $— | $3,402,329 | $— | $— | $— | $ — |

Long-term obligations represent the amounts due on our existing loans as described above. We entered into a three year operating lease commencing January 2016 for our corporate headquarters with Monaco Financial, LLC, a related party. This is pursuant to the acquisition agreement we entered with them on December 10, 2015 (See NOTE R for further information). The operating lease is cancellable with a nine-month notice.

**NOTE J – ACCRUED EXPENSES**

Accrued expenses consist of the following:

| | 2017 | 2016 |
|---|---|---|
| Compensation and bonuses | $1,871,071 | $1,687,214 |
| Professional services | 329,640 | 544,412 |
| Interest | 4,056,337 | 2,391,857 |
| Accrued insurance payable | 249,247 | 393,715 |
| Other operating | 45,040 | 60,927 |
| Total accrued expenses | $6,551,335 | $5,078,125 |

Professional fees are mainly attributable to legal fees and related and other professional services in support of operations. Included in Professional fees are $227,000 of fees earned by Greg Stemm, former chief executive office and current chairman of the board, in accordance to his consulting service agreement executed in 2015. These fees are to be paid out monthly over 2018 and 2019. Mr. Stemm has an additional $80,509 of fees due in accounts payable at December 31, 2017. These fees will be remitted at a mutually agreeable time in the future. Compensation and incentives includes $1.3 million accrued incentive awards for the company employees for 2016 and prior and $0.5 million for 2017. However, the Board of Directors will only approve incentives to be paid when and if there is sufficient excess cash above and beyond normal operating means. Other operating expenses contain general items due resulting from general operations. Accrued interest is due to MINOSA, Epsilon, SMOM and Monaco per debt agreements described in NOTE I.

**NOTE K – 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 at the time owned a 58% interest in the limited liability company until they sold their interests to an unrelated third party in 2005. If, at any time, Odyssey is forced to cancel or abandon the project due to political interference, the officers may be required to buy back their interests.

In December 2015, we entered into an asset acquisition agreement with Monaco Financial, LLC (“Monaco”) (See NOTE R for further information). We had accounts receivable with Monaco and related affiliates at December 31, 2017 and 2016 of $183,453 and $205,497, respectively. We had general operating payables with Monaco at December 31, 2017 and 2016 of $508,802 and $267,824, respectively. See NOTE I for further debt commitments between the entities. Based on the economic substance of these business transactions, we consider Monaco Financial, LLC to be an affiliated company, thus a related party. We do not own any financial interest in Monaco. During the first part of 2017, we performed and completed marine shipwreck search and recovery charter services for this related party, and recognized revenue of $1.2 million. We also lease our corporate office space on an annually renewable basis from Monaco at $20,080 per month.

Table of Contents

**NOTE L – DEFERRED INCOME AND REVENUE PARTICIPATION RIGHTS**

The Company's participating revenue rights and deferred revenue consisted of the following for the respective year end:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| "*Cambridge*" project | $ 825,000 | $ 825,000 |
| "*Seattle*" project | 62,500 | 62,500 |
| Galt Resources, LLC (HMS *Victory*) | 3,756,250 | 3,756,250 |
| Total revenue participation rights | $ 4,643,750 | $ 4,643,750 |

**"*Cambridge*" project**

We previously sold Revenue Participation Certificates ("RPCs") that represent the right to share in our future revenues derived from the "*Cambridge*" project, which is also referred to as the HMS *Sussex* shipwreck project. The "*Cambridge"* RPC units constitute restricted securities.

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. The "*Cambridge*" project 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 project.

**"*Seattle*" project**

In a private placement that closed in September 2000, we sold "units" consisting of "*Republic"* Revenue Participation Certificates and Common Stock. Each $50,000 "unit" entitled the holder to 1% of the gross revenue generated by the now named "*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.

The participating rights balance will be amortized under the units of revenue method once management can reasonably estimate potential revenue for each of these projects. The RPCs for the "*Cambridge*" and "*Seattle"* projects 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.

**Galt Resources, LLC**

In February 2011, we entered into a project syndication deal with Galt Resources LLC ("Galt") for which they invested $7,512,500 representing rights to future revenues of any one project Galt selected prior to December 31, 2011. If the project is successful and generates sufficient proceeds, Galt will recoup their investment plus three times the investment. Galt's investment return will be paid out of project proceeds. Galt will receive 50% of project proceeds until this amount is recouped. Thereafter, they will share in additional net proceeds of the project at the rate of 1% for every million invested. Subsequent to the original syndication deal, we reached an agreement permitting Galt to bifurcate their selection between two projects, the SS *Gairsoppa* and HMS *Victory* with the residual 1% on additional net proceeds assigned to the HMS *Victory* project only. The bifurcation resulted in $3,756,250 being allocated to each of the two projects. Therefore, Galt will receive 7.5125% of net proceeds from the HMS *Victory* project after they recoup their investment of $3,756,250 plus three times the investment. Galt has been paid in full for their share of the *Gairsoppa* project investment. There are no future payments remaining due to Galt for the *Gairsoppa* project. Based on the timing of the proceeds earmarked for Galt, the relative corresponding amount of Galt's revenue participation right of $3,756,250 was amortized into revenue in 2012 based upon the percent of Galt-related proceeds from the sale of silver as a percentage of total proceeds that Galt earned under the revenue participation agreement ($15.0 million). There is no expiration date on the Galt deal for the HMS Victory project. If the

archaeological excavation of the shipwreck is performed and insufficient proceeds are obtained, then the deferred income balance will be recognized as other income. If the archaeological excavation of the shipwreck is performed and sufficient proceeds are obtained, then the deferred income balance will be recognized as revenue.

**NOTE M – STOCKHOLDERS' EQUITY/(DEFICIT)**

At our Annual Meeting of Stockholders on June 9, 2015, our stockholders approved a 1-for-6 reverse stock split. On February 9, 2016, our Board of Directors authorized an additional 1-for-2 reverse stock split, to be effective immediately after the stockholder-approved 1-for-6 reverse stock split is implemented. The reverse stock splits were effective on February 19, 2016. The two reverse stock splits have the combined effect of a 1-for-12 reverse stock split. At the effective time of the reverse stock splits, every 12 shares of issued and outstanding common stock were converted into one share of issued and outstanding common stock, and the authorized shares of common stock were reduced from 150,000,000 to 75,000,000 shares. The par value remains at $0.0001. All shares and related financial information in this Form 10-K reflect this 1-for-12 reverse stock split.

**Common Stock**

In April 2017, Epsilon converted $3.3 million of their principal and accrued interest into 670,455 shares of our common stock at a conversion price of $5.00. See NOTE I for further information.

**Convertible Preferred Stock**

On March 11, 2015, we entered into a Stock Purchase Agreement (the "Purchase Agreement") with Penelope Mining LLC (the "Investor"), and, solely with respect to certain provisions of the Purchase Agreement, Minera del Norte, S.A. de C.V. (the "Lender"). The Purchase Agreement provides for the Company to issue and sell to the Investor shares of the Company's preferred stock in the amounts set forth in the following table (numbers have been adjusted for the February 2016 reverse stock split):

| Convertible Preferred Stock | Shares | Price Per Share | Total Investment |
|---|---|---|---|
| Series AA-1 | 8,427,004 | $ 12.00 | $101,124,048 |
| Series AA-2 | 7,223,145 | $ 6.00 | 43,338,870 |
| | 15,650,149 | | $144,462,918 |

The Investor's option to purchase the Series AA-2 shares is subject to the closing price of the Common Stock on the NASDAQ market having been greater than or equal to $15.12 per share for a period of twenty (20) consecutive business days on which the NASDAQ market is open.

The closing of the sale and issuance of shares of the Company's preferred stock to the Investor is subject to certain conditions, including the Company's receipt of required approvals from the Company's stockholders, the receipt of regulatory approval, performance by the Company of its obligations under the Stock Purchase Agreement, the listing of the underlying common stock on the NASDAQ Stock Market and the Investor's satisfaction, in its sole discretion, with the viability of certain undersea mining projects of the Company. This transaction received stockholders' approval on June 9, 2015. Completion of the transaction requires amending the Company's articles of incorporation to (a) effect a reverse stock split, which was done on February 19, 2016, (b) adjusting the Company's authorized capitalization, which was also done on February 19, 2016, and (c) establishing a classified board of directors (collectively, the "Amendments"). The Amendments have been or will be set forth in certificates of amendment to the Company's articles of incorporation filed or to be filed with the Nevada Secretary of State.

***Series AA Convertible Preferred Stock Designation***

The Purchase Agreement provides for the issuance of up to 8,427,004 shares of Series AA-1 Convertible Preferred Stock, par value $0.0001 per share (the "Series AA-1 Preferred") and 7,223,145 shares of Series AA-2 Convertible Preferred Stock, par value $0.0001 per share (the "Series AA-2 Preferred"), subject to stockholder approval which was received on June 9, 2015 and satisfaction of other conditions. Significant terms and conditions of the Series AA Preferred are as follows:

***Dividends***. If and when the Company declares a dividend and any other distribution (including, without limitation, in cash, in capital stock (which shall include, without limitation, any options, warrants or other rights to acquire capital stock) of the Company, then the holders of each share of Series AA Preferred Stock are entitled to receive, a dividend or distribution in an amount equal to the amount of dividend or distribution received by the holders of common stock for which such share of Series AA Preferred Stock is convertible.

***Liquidation Preference***. The Liquidation Preference on each share of Series AA Preferred Stock is its Stated Value plus accretion at the rate of 8% per annum compounded on each December 31 from the date of issue of such share until the date such share is converted. For any accretion period which is less than a full year, the Liquidation Preference shall accrete in an amount to be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed.

***Voting Rights***. The holders of Series AA Preferred will be entitled to one vote for each share of common stock into which the Series AA Preferred is convertible and will be entitled to notice of meetings of stockholders.

***Conversion Rights***. At any time after the Preferred Shares have been issued, any holder of shares of Series AA Preferred may convert any or all of the shares of preferred stock into one fully paid and non-assessable share of Common Stock.

***Adjustments to Conversion Rights***. If Odyssey pays a dividend or makes a distribution on its common stock in shares of common stock, subdivides its outstanding common stock into a greater number of shares, or combines its outstanding common stock into a smaller number of shares, or if there is a reorganization, or a merger or consolidation of Odyssey with or into any other entity which results in a conversion, exchange, or cancellation of the common stock, or a sale of all or substantially all of Odyssey's assets, then the conversion rights described above will be adjusted appropriately so that each holder of Series AA Preferred will receive the securities or other consideration the holder would have received if the holder's Series AA Preferred had been converted before the happening of the event. The conversion price in effect from time to time is also subject to downward adjustment if we issue or sell shares of common stock for a purchase price less than the conversion price or if we issue or sell shares convertible into or exercisable for shares of common stock with a conversion price or exercise price less than the conversion price for the Series AA Preferred.

***Accounting considerations***

As stated above the issuance of the Series AA Convertible Preferred Stock is based on certain contingencies. No accounting treatment determination is required until these contingencies are met and the Series AA Convertible Preferred Stock has been issued. However, we have analyzed the instrument to determine the proper accounting treatment that will be necessary once the instruments have been issued.

ASC 480 generally requires liability classification for financial instruments that are certain to be redeemed, represent obligations to purchase shares of stock or represent obligations to issue a variable number of common shares. We concluded that the Series AA Preferred was not within the scope of ASC 480 because none of the three conditions for liability classification was present.

ASC 815 generally requires the analysis of embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. However, in order to perform this analysis, we were first required to evaluate the economic risks and characteristics of the Series AA Convertible Preferred Stock in its entirety as being either akin to equity or akin to debt. Our evaluation concluded that the Series AA Convertible Preferred Stock was more akin to an equity-like contract largely due to the fact that most of its features were participatory in nature. As a result, we concluded that the embedded conversion feature is clearly and closely related to the host equity contract and will not require bifurcation and liability classification.

The option to purchase the Series AA-2 Convertible Preferred Stock was analyzed as a freestanding financial instruments and has terms and features of derivative financial instruments. However, in analyzing this instrument under applicable guidance it was determined that it is both (i) indexed to the Company's stock and (ii) meet the conditions for equity classification.

**Stock-Based Compensation**

We have two stock incentive plans. The first is the 2005 Stock Incentive Plan that expired in August 2015. After the expiration of this plan, equity instruments cannot be granted but this plan shall continue in effect until all outstanding awards have been exercised in full or are no longer exercisable and all equity instruments have vested or been forfeited.

On June 9, 2015, our shareholders approved our 2015 Stock Incentive Plan (the "Plan") that was adopted by our Board of Directors (the "Board") on January 2, 2015, which is the effective date. The plan expires on the tenth anniversary of the effective date. The Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights. This plan was initially capitalized with 450,000 shares that may be granted. The Plan is intended to comply with Section 162(m) of the Internal Revenue Code, which stipulates that the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during any calendar year shall be 83,333, and the maximum aggregate amount of cash that may be paid in cash to any person during any calendar year with respect to one or more Awards payable in cash shall be $2,000,000. The original maximum number of shares that were to be used for Incentive Stock Options ("ISO") under the Plan was 450,000. During our June 2016 stockholders meeting, the stockholders approved the addition of 200,000 incremental shares to the Plan. With respect to each grant of an ISO to a participant who is not a ten percent stockholder, the exercise price shall not be less than the fair market value of a share on the date the ISO is granted. With respect to each grant of an ISO to a participant who is a ten percent stockholder, the exercise price shall not be less than one hundred ten percent (110%) of the fair market value of a share on the date the ISO is granted. If an award is a non-qualified stock option ("NQSO"), the exercise price for each share shall be no less than (1) the minimum price required by applicable state law, or (2) the fair market value of a share on the date the NQSO is granted, whichever price is greatest. Any award intended to meet the performance based exception must be granted with an exercise price not less than the fair market value of a share determined as of the date of such grant.

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. As share-based compensation expense recognized in the statement of operations is based on awards ultimately expected to vest, it can be reduced for estimated forfeitures. The ASC topic Stock Compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The share based compensation charged against income for the periods ended December 31, 2017, 2016 and 2015 was $833,985, $1,778,461 and $2,348,744, respectively.

We did not grant stock options to employees in 2017. We did grant two outside directors options in 2016 for their quarterly fees related to the last three quarters of the year. The weighted average estimated fair value of stock options granted during the fiscal years ended December 31, 2017, 2016 and 2015 were $0.00, $1.75 and $8.52, 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, 2017, 2016 and 2015:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Risk-free interest rate | — | 1.29 - 2.25% | 1.78 - 2.00% |
| Expected volatility of common stock | — | 80.87 - 82.69% | 64.47 - 65.95% |
| Dividend yield | — | 0% | 0% |
| Expected life of options | — | 8.2 years | 6.1 - 8.2 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.

Table of Contents

Additional information with respect to both plans stock option activity is as follows:

| | Number of Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at December 31, 2014 | 307,791 | $ 32.04 |
| Granted | 137,667 | $ 12.48 |
| Exercised | — | $ — |
| Cancelled | (70,174) | $ 32.88 |
| Outstanding at December 31, 2015 | 375,283 | $ 32.04 |
| Granted | 22,493 | $ 2.74 |
| Exercised | — | $ — |
| Cancelled | (65,361) | $ 32.82 |
| Outstanding at December 31, 2016 | 332,415 | $ 21.55 |
| Granted | — | $ — |
| Exercised | — | $ — |
| Cancelled | (84,598) | $ 35.59 |
| Outstanding at December 31, 2017 | 247,817 | $ 16.76 |
| Options exercisable at December 31, 2015 | 275,735 | $ 27.48 |
| Options exercisable at December 31, 2016 | 300,751 | $ 22.30 |
| Options exercisable at December 31, 2017 | 247,817 | $ 16.76 |

The aggregate intrinsic values of options exercisable for the fiscal years ended December 31, 2017, 2016 and 2015 were $0, $16,633 and $0, respectively. The aggregate intrinsic values of options outstanding for the fiscal years ended December 31, 2017, 2016 and 2015 were $0, $16,633 and $0, respectively. The aggregate intrinsic values of options exercised during the fiscal years ended December 31, 2017, 2016 and 2015 are $0, $0 and $0, 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 options vested during the fiscal years ended December 31, 2017, 2016 and 2015 was $231,952, $828,497 and $1,449,216, respectively.

As of December 31, 2017, there was no remaining amount of unrecognized compensation cost related to unvested share-based compensation awards granted to employees under the option plans. Therefore, there is no cost to be recognized over any future weighted average periods.

The following table summarizes information about stock options outstanding at December 31, 2017:

**Stock Options Outstanding**

| Range of Exercise Prices | Number of Shares Outstanding | Weighted Average Remaining Contractual Life in Years | Weighted Average Exercise Price |
|---|---|---|---|
| $2.02 - $12.84 | 164,326 | 7.23 | $ 11.16 |
| $26.40 - $39.00 | 83,491 | 5.47 | $ 27.66 |
| | 247,817 | 6.64 | $ 16.72 |

The estimated fair value of each restricted stock award is calculated using the share price at the date of the grant. A summary of the status of the restricted stock awards as of December 31, 2017 and changes during the year ended December 31, 2017 is presented as follows:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2016 | 238,921 | $ 5.41 |
| Granted | — | $ — |
| Vested | (106,095) | $ 4.81 |
| Cancelled | — | $ — |
| Unvested at December 31, 2017 | 132,826 | $ 5.90 |

Table of Contents

The fair value of restricted stock awards vested during the years ended December 31, 2017, 2016 and 2015 was $408,466, $715,406 and $318,000, respectively. The fair value of unvested restricted stock awards remaining at the periods ended December 31, 2017, 2016 and 2015 is $500,754, $817,110 and $300,334, respectively. The weighted-average grant date fair value of restricted stock awards granted during the periods ended December 31, 2017, 2016 and 2015 were nil, $3.54 and $12.48, respectively. The weighted-average remaining contractual term of these restricted stock awards at the periods ended December 31, 2017, 2016 and 2015 are 1.0, 2.0 and 2.6 years, respectively. As of December 31, 2017, there was a total of $484,614 unrecognized compensation cost related to unvested restricted stock awards.

The following table summarizes our common stock warrants outstanding at December 31, 2017:

| Common Stock Warrants | Exercise Price | Termination Date |
|---|---|---|
| 120,000 | $ 3.52 | 10/01/2021 |

**Cuota Appreciation Rights**

On August 4, 2017, the Company's board of directors (the "Board") adopted the Odyssey Marine Exploration, Inc. Key Employee Cuota Appreciation Rights (the "Key Employee Plan") and the Odyssey Marine Exploration, Inc. Nonemployee Director Cuota Appreciation Rights (the "Director Plan" and, together with the Key Employee Plan, the "Cuota Plans"). The Cuota Plans provide for the award of cuota appreciation rights ("CARs") to eligible participants. A "cuota" is a unit of equity interest under Panamanian law, and the value of the CARs will be determined based upon the appreciation, if any, in the value of the cuotas of Oceanica Resources, S. de R.L., a Panamanian sociedad de responsabilidad limitada ("Oceanica"), after the award of such CARs. The Company indirectly holds a majority stake in Oceanica.

The Board authorized the award of up to 750,000 CARs under the Key Employee Plan and the award of up to 600,000 CARs under the Director Plan. The terms of any CARs awarded under the Cuota Plans will be set forth in an award agreement between the Company and each participant, and the award agreement will set forth a vesting schedule for the CARs. In general, unvested CARs will be forfeited upon a participant's separation of service from the Company, and all vested and unvested CARs will be forfeited upon a participant's separation of service from the Company for "cause" (as defined in the Cuota Plans).

Each participant in the Cuota Plans will be entitled to be paid the value of such participant's CARs upon the occurrence of a "payment event." As used in the Cuota Plans, payment events consist of a change in control of the Company or the date specified in the applicable award agreement and, in the case of the Key Employee Plan, a separation of service without cause and the participant's continuous employment with the Company until the date specified in the applicable award agreement. The value of CARs liability will be based upon the difference between the basis in the cuotas of Oceanica on the date of the award of the CARs, which is $3.00, and the fair value of the cuotas on the date used for the payment event, in each case as determined by the Board in accordance with the provisions of the Cuota Plans. The fair value of the cuota as of December 31, 2017 is $1.38.

The following is an analysis of activity in the CARs balances as of December 31, 2017:

| | **Number of CARs** | |
|---|---|---|
| | **Key Employee Plan** | **Nonemployee Director Plan** |
| Unvested at December 31, 2016 | — | — |
| Granted | 343,616 | 222,000 |
| Vested | — | (222,000) |
| Cancelled | — | — |
| Unvested at December 31, 2017 | 343,616 | — |

At December 31, 2017, there was no liability or associated compensation cost associated with these CARs. At December 31, 2017, there were no vested or excersisable CARs awards outstanding related to the Key Employee Plan. The CARs in the Nonemployee Director Plan are utilized as compensation for services, therefore these CARs vest upon grant. At December 31, 2017, the Nonemployee Director Plan had 222,000 CARs vested and outstanding. Since there is not a readily available market that would value the cuota, we use the services of an outside professional and independent valuation firm to determine the fair value of the Cuota.

**NOTE N – INCOME TAXES**

As of December 31, 2017, the Company had consolidated income tax net operating loss ("NOL") carryforwards for federal tax purposes of approximately $161,506,084 and net operating loss carryforwards for foreign income tax purposes of approximately $31,766,091. The federal NOL carryforwards from 2005 forward will expire in various years beginning 2025 and ending through the year 2037. From 2025 through 2027, approximately $43 million of the NOL will expire, and from 2028 through 2037, approximately $119 million of the NOL will expire.

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

| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| Current | | | |
| Federal | $ — | $ — | $ — |
| State | — | — | — |
| | $ — | $ — | $ — |
| Deferred | | | |
| Federal | $ — | $ — | $ — |
| State | — | — | — |
| | $ — | $ — | $ — |

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 and tax credit carryforwards | $ 44,772,169 |
| Capital loss carryforward | 147,552 |
| Accrued expenses | 285,295 |
| Reserve for Dorado accounts receivable | 156,538 |
| Start-up costs | 11,490 |
| Excess of book over tax depreciation | 1,310,446 |
| Stock option and restricted stock award expense | 1,316,178 |
| Investment in unconsolidated entity | 1,387,970 |
| Less: valuation allowance | (49,235,133) |
| | $ 152,505 |
| Deferred tax liability: | |
| Property and equipment basis | $ 43,155 |
| Prepaid expenses | 102,825 |
| Reserve for accounts receivable Gain loss | 6,525 |
| | $ 152,505 |
| Net deferred tax asset | $ — |

As reflected above, we have recorded a net deferred tax asset of $0 at December 31, 2017. As required by the Accounting for Income Taxes topic in the ASC, 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 realized without the recovery and rights of ownership or salvage rights of high-value shipwrecks or other forms of taxable income, thus a valuation allowance has been recorded as of December 31, 2017.

Table of Contents

The change in the valuation allowance is as follows:

| | |
|---|---|
| December 31, 2017 | $49,235,133 |
| December 31, 2016 | 69,481,041 |
| Change in valuation allowance | $20,245,908 |

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into United States tax law. The Company has adjusted its deferred tax assets and liabilities at December 31, 2017 to reflect the Act's reduction of corporate income tax rates.

The federal and state income tax provision (benefit) is summarized as follows for the years ended:

| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| Expected (benefit) | $ (3,718,058) | $ (2,186,550) | $ (6,190,436) |
| Effects of: | | | |
| State income taxes net of federal benefits | (110,667) | (65,082) | (184,257) |
| Nondeductible expense | 711,679 | (1,083,185) | 1,854,717 |
| Change in valuation allowance | 28,258,724 | 4,189,828 | 4,900,061 |
| Foreign Rate Differential | (1,097,681) | (855,011) | (380,085) |
| Change in Deferred Taxes due to enacted changes in tax law | (24,043,997) | | |
| | $ — | $ — | $ — |

The Company's effective income tax rate is lower than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes, research and development tax credits, operating loss carryforwards, and adjustments to previously-recorded deferred tax assets and liabilities due to the enactment of the Tax Cuts and Jobs Act.

We have not recognized a material adjustment in the liability for unrecognized tax benefits and have not recorded any provisions for accrued interest and penalties related to uncertain tax positions.

The earliest tax year still subject to examination by a major taxing jurisdiction is 2014.

**NOTE O – MAJOR CUSTOMERS**

For the fiscal year ended December 31, 2017, we had one customer who accounted for 99.0% of our total revenue. During the fiscal year ended December 31, 2016, we had two customers who accounted for 61.4% and 38.5% of our total revenue.

**NOTE P – 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*" and the "*Cambridge*" ("HMS *Sussex*") projects and have recorded $887,500 as Deferred Income from Revenue Participation Rights (See NOTE L). 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.

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 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 K).

In February 2011, we entered into a project syndication deal with Galt Resources LLC (“Galt”) for which they invested $7,512,500 representing rights to future revenues of any project of Galt’s choosing. This amount has been bifurcated equally between the SS *Gairsoppa* and HMS *Victory* projects. The SS *Gairsoppa* has been paid in full. See NOTE L for further detail.

**Legal Proceedings**

The Company may be subject to a variety of other claims and suits that arise from time to time in the ordinary course of business. We are currently not a party to any pending litigation.

**Contingency**

During March 2016, our Board of Directors approved the grant and issuance of 3.0 million new equity shares of Oceanica Resources, S.R.L. to two attorneys for their future services. This equity is only issuable upon the Mexican’s government issuance of the Environmental Impact Assessment (“EIA”) for our Mexican subsidiary. This grant of new shares was also approved by the Administrators of Oceanica Resources, S.R.L. We also owe consultants contingent success fees of up to $425,000 upon the approval and issuance of the EIA. The EIA has not been issued as of the date of this report.

**Going Concern Consideration**

We have experienced several years of net losses and may continue to do so. Our ability to generate net income or positive cash flows for the following twelve months is dependent upon our success in developing and monetizing our interests in mineral exploration entities, generating income from exploration charters, collecting on amounts owed to us, and completing the MINOSA/Penelope equity financing transaction approved by our stockholders on June 9, 2015.

Our 2018 business plan requires us to generate new cash inflows to effectively allow us to perform our planned projects. We plan to generate new cash inflows through the monetization of our receivables and equity stakes in seabed mineral companies, financings, syndications or other partnership opportunities. If cash inflow is not sufficient to meet our desired projected business plan requirements, we will be required to follow a contingency business plan which is based on curtailed expenses and fewer cash requirements. On March 11, 2015, we entered into a Stock Purchase Agreement with Minera del Norte S.A. de c.v. (“MINOSA”) and Penelope Mining LLC (“Penelope”), an affiliate of MINOSA, pursuant to which (a) MINOSA agreed to extend short-term, debt financing to Odyssey of up to $14.75 million, and (b) Penelope agreed to invest up to $101 million over three years in convertible preferred stock of Odyssey. The equity financing is subject to the satisfaction of certain conditions, including the approval of our stockholders which occurred on June 9, 2015, and MINOSA and Penelope are currently under no obligation to make the preferred share equity investments. (See Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financings.)

Our consolidated non-restricted cash balance at December 31, 2017 was $1.1 million which is insufficient to support operations for the following 12 months. We have a working capital deficit at December 31, 2017 of $31.5 million. Our largest loan of $14.75 million from MINOSA had a due date of December 31, 2017 which is now linked to other stipulations, see NOTE I for further detail. The majority of our remaining assets have been pledged to MINOSA, and its affiliates, and to Monaco Financial LLC, leaving us with few opportunities to raise additional funds from our balance sheet. The total consolidated book value of our assets was approximately $3.0 million at December 31, 2017 and the fair market value of these assets may differ from their net carrying book value. Even though we executed the above noted financing arrangement with Penelope, Penelope must purchase the shares for us to be able to complete the equity component of the transaction. The Penelope equity transaction is heavily dependent on the outcome of our subsidiary’s application approval process for an environmental permit to commercially develop a mineralized phosphate deposit off the coast of Mexico. The factors noted above raise doubt about our ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Table of Contents

**NOTE Q – QUARTERLY FINANCIAL DATA – UNAUDITED**

The following tables present certain unaudited consolidated quarterly financial information for each of the past eight quarters ended December 31, 2017 and 2016. 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, 2017 Quarter Ending | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| Revenue - net | $ 649,353 | $ 587,270 | $ 11,854 | $ — |
| Gross profit | 649,353 | 587,270 | 11,854 | — |
| Net income (loss) | (2,199,263) | (1,916,885) | (2,251,097) | (1,392,227) |
| Basic and diluted net income per share | $ (0.28) | $ (0.23) | $ (0.27) | $ (0.17) |

| | Fiscal Year Ended December 31, 2016 Quarter Ending | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| Revenue - net | $ 582,477 | $ 1,217,318 | $ 2,883,240 | $ — |
| Gross profit | 582,477 | 1,217,318 | 2,883,240 | — |
| Net income (loss) | 84,644 | (1,858,778) | (2,132,303) | (2,409,584) |
| Basic and diluted net income per share | $ 0.01 | $ (0.25) | $ (0.28) | $ (0.32) |

**NOTE R – ASSET SALE AND LOAN RESTRUCTURING**

***Acquisition Agreement***

On December 10, 2015, we entered into an acquisition agreement (the "Acquisition Agreement") with Monaco Financial, LLC ("Monaco"), and certain affiliates of Monaco pursuant to which, among other things, we sold certain assets to Monaco and its affiliates, and Monaco (a) repaid our indebtedness for borrowed money owed to a bank, (b) reduced the amount of indebtedness owed by us to Monaco and agreed to certain modifications regarding the remaining indebtedness, and (c) applied the amount of advances previously made by Monaco to us, as well as additional cash, to the consideration paid to us for the transaction.

In conjunction with the transactions contemplated by the Acquisition Agreement, one of Monaco's affiliates, Magellan Offshore Services Ltd ("Magellan") agreed to pay us an amount equal to 21.25% of the difference between (x) the monetized proceeds to Magellan or its affiliates from sales of valuable trade cargo from covered shipwrecks, minus (y) the recovery costs incurred by Magellan or its affiliates related to such covered shipwreck. The covered shipwrecks consist of the shipwrecks included in the proprietary shipwreck database and research library referenced in the paragraph immediately below and any other shipwrecks discovered or identified by or presented to us or Magellan and its affiliates during the five-year period after the date of the Acquisition Agreement.

The assets sold by us pursuant to the Acquisition Agreement include (i) our rights to receive proceeds from a specified shipwreck project, (ii) gold and silver coins and bullion (primarily recovered from the SS *Republic* shipwreck), (iii) the land and building in Tampa, Florida used as our headquarters, (iv) subject to specified exclusions, our proprietary shipwreck database and research library, and our rights to any shipwreck projects derived therefrom, (v) artifacts recovered from shipwrecks, (vi) an artifact database, (vii) the SHIPWRECK! Pirates and Treasure traveling exhibit and all other shipwreck exhibits owned by us, (viii) various photographs, video, and graphics owned by us, (ix) side scan data, re-navigation analyses and search data from previous shipwreck searches, (x) internet and social media content and software platforms, and communities related to shipwrecks, (xi) shipwreck publications, (xii) certain merchandise in inventory, (xiii) one-half of the shares of Neptune Minerals, Inc. ("Neptune") held by us, and (xiv) one-half of the receivables owed to us by Neptune. The fair values of the assets given up amounted to $19,195,131. Assets of ours excluded from the transaction include (x) our research vessel, equipment related thereto, and other operational assets, (y) HMS *Victory* and three other specified shipwreck projects (the "Excluded Projects"), and (z) assets, properties, and rights primarily used by us in our businesses other than the shipwreck business. Our indebtedness for borrowed money repaid by Monaco consisted of $11.7 million owed by us to Fifth Third Bank.

***Accounting considerations***

We analyzed the transaction under the guidance of ASC 470-60 *Troubled Debt Restructuring* to determine if the transaction qualified as a troubled debt restructuring. For a debt restructuring to be considered troubled, the debtor must be experiencing financial difficulty and the creditor must have granted a concession. We analyzed the Monaco Transaction under ASC 470-60 and determined that we met one or more of the definitions of a company experiencing financial difficulty, such as being under threat of being delisted from an exchange. Furthermore, we determined that the borrowing rate on the restructured debt is significantly less than the effective borrowing rate on the old debt and as such Monaco granted a concession on the debt. As a result, the debt restructuring falls into the troubled debt restructuring guidance.

This transaction is a combination of types including full satisfaction, partial satisfaction and modification of terms. In accordance with the guidance in ASC 470-60, the following steps are taken to determine the proper accounting treatment: (i) step1: the carrying amount of the loans is reduced by the fair value of the assets transferred, (ii) step 2: a gain or loss resulting from any disposition of assets (based on the difference between the fair value of assets disposed and their respective carrying amount) is recognized and (iii) step3: a gain on restructuring is recorded if the future undiscounted cash flows are less than the revised carrying value (carrying value less fair value of assets). If the future undiscounted cash flows are greater than the revised carrying value, no gain is recorded.

Prior to implementing step 1 (the carrying amount of the loans is reduced by the fair value of the assets transferred), we had to determine the fair value of the assets transferred. The fair value of the assets transferred was determined on a market based approach and using discounted cash flow models. We used historical transaction data, external valuations where available, and other relevant data to estimate the fair value of the assets which were sold. The group of assets consisted of both financial and non-financial assets. The net carrying book value of the assets sold was $13.5 million, comprised mainly of $6.3 million of accounts receivable, $2.1 million of building and land, and $5.1 million of short and long-term inventory. The fair value assigned to these assets and the other items sold that had no net carrying book value was $19.1 million. The estimated fair market value of the sold assets exceeded the carrying book value of the assets due to the use of US generally accepted accounting principles that did not allow us to write-up the carrying value of some assets or capitalize items that were not fully measurable or collectible at the balance sheet date.

The approach used in calculating the fair value of financial assets was the discounted cash flow approach. Inputs used in the modeling consisted of carrying value, expected term, discount rate based on effective rate of new debt and adjustments for various risk factors. These inputs consisted of a combination of level 2 and level 3 inputs as defined in ASC 820 and detailed in our Note A.

The approach used in calculating the fair value of non-financial assets was the market approach. This approach consisting of observable market prices of same or similar nature as well as discounts based on condition of the asset and expected term to convert to cash. This asset category and these inputs are deemed to be level 3 inputs as defined in ASC 820 and detailed in our Note A.

Step1: We reduced the carrying amount of the loans by the fair value of the assets given up as follows:

The combined carrying value of the all loans (associated with the transaction) on December 10, 2015 prior to the transaction taking effect:

| Loan Description | Reduction in Carrying Amount* |
|---|---|
| Monaco advance/loan | $ 2,000,000 |
| Monaco Loan (Tranche 1 - August 14, 2014)** | 5,000,000 |
| Fifth Third term | 3,000,000 |
| Fifth Third SSCA project loan | 7,684,514 |
| Fifth Third Laurel mortgage | 1,001,000 |
| Term loan interest paid by Monaco | 12,559 |
| Mortgage interest paid by Monaco | 3,182 |
| SSCA project loan interest paid by Monaco | 36,614 |
| Monaco Loan (Tranche 2 – October 1, 2014) | 387,262 |
| Fair value of assets given up and assigned to debt extinguished | $ 19,125,131 |

* Represents the reduction in carrying amount of each of the loans by the fair value of the assets. The reduction is to equate to the fair value of the assets.

** In accordance with the asset purchase agreement, the $5,000,000 loan balance is reduced by (i) the cash or other value received by Monaco from the SSCA, or (ii) If the proceeds received by Monaco from the SSCA project are insufficient to have paid off the loan balance of $5,000,000 by December 31, 2017, then Monaco can seek repayment of the remaining outstanding balance on the loan by withholding our 21.25% "additional consideration" in new shipwreck projects done with Monaco. Management believes that there is a 100% chance that the cash or other value will be received by Monaco from the SSCA. Because there is a 100% likelihood that cash or other value will be received by Monaco from the SSCA, there is also 100% likelihood of the $5,000,000 Note being extinguished. As such this analysis includes the $5,000,000 as debt being extinguished.

Step 2: We recognized a gain resulting from the disposition of assets (based on the difference between the fair value of assets disposed and their respective carrying amount).

The fair value of the assets given up ($19,125,131) was compared to the carrying value of the assets given up ($13,513,223). The excess of the fair value over the carrying value amounted to $5,611,908. Accordingly, we recorded a $5,611,907 gain on the exchange of assets (extinguishment). While the guidance in ASC 470-580-40-2 states that extinguishment transactions between related parties may be in essence capital transactions, there is no guidance that suggests a gain on the sale of assets between related parties is treated as capital transactions. As such, this gain is recorded in the statement of operations.

Step 3: We determined if the future undiscounted cash flows are greater or less than the revised carrying value.

| | Amount |
|---|---|
| **Future Cash Flows:** | |
| Monaco Loan (Tranche 2 – October 1, 2014) | $ 300,000 |
| Tranche 2 accrued interest | 7,534 |
| Tranche 2 future interest | 67,989 |
| Total Tranche 2 debt | 375,523 |
| Monaco Loan (Tranche 3 – December 1, 2014) | 2,500,000 |
| Tranche 3 accrued interest | 7,534 |
| T3 future interest | 566,575 |
| Total Tranche 3 debt | 3,074,109 |
| **Undiscounted future cash flows** | $ 3,449,632 |
| **Revised Carrying Value** | |
| Carrying value of all combined loans | 23,466,108 |
| Reduced by fair value of assets | (19,125,131) |
| **Revised carrying value*** | $ 4,340,977 |
| **Gain on restructure (difference between revised carrying amount and undiscounted future cash flows)** | $ 891,345 |

** Calculation of revised carrying value*

| Combined loans | Note carrying values |
|---|---|
| Monaco advance/loan | $ 2,000,000 |
| Monaco Loan (Tranche 1 - August 14, 2014) | 5,000,000 |
| Monaco Loan (Tranche 2 – October 1, 2014) | 2,470,703 |
| Tranche 2 accrued interest | 7,534 |
| Monaco Loan (Tranche 3 – December 1, 2014) | 2,242,468 |
| Tranche 3 accrued interest | 7,534 |
| Fifth Third term | 3,000,000 |
| Fifth Third SSCA project loan | 7,684,514 |
| Fifth Third Laurel mortgage | 1,001,000 |
| Term loan interest paid by Monaco | 12,559 |
| Mortgage interest paid by Monaco | 3,182 |
| SSCA project loan interest paid by Monaco* | 36,614 |
| Total carrying value of all notes combined | $ 23,466,108 |
| Fair value of assets transferred | (19,125,131) |
| Excess debt carrying value of fair asset value | $ 4,340,977 |

Since the future undiscounted cash flows are less than the revised carrying value, a gain on restructuring for the difference is recorded. However, the guidance in ASC 470-580-40-2 suggests that if the debt holders are considered a related party, the debt restructuring typically would be considered a capital transaction. Since Monaco is considered a related party, the gain on restructuring has been recorded in equity. See NOTE M for further discussion on related parties. The gain of $891,345 adjusted the carrying value of the remaining notes to the undiscounted future cash flow amount of $3,449,632. No interest expense is recorded going forward. All future interest payments reduce the carrying value.

**NOTE S – OTHER DEBT**

During August 2016, we entered into an agreement with a vendor allowing the vendor to purchase certain marine assets from us. Resulting from this transaction, we are carrying a $553,072 trade payable in accounts payable at December 31, 2017 that has terms attached. This balance is the final amount owed to this vendor from prior dealings. This trade payable bears a simple annual interest rate of 12%. As collateral, they have been granted a primary lien on certain of our equipment. The carrying value of this equipment is zero. If this equipment generates revenue for us, the greater of 15% of gross revenue or 50% of net proceeds received will be applied to the outstanding balance of this debt. There are no covenants. This agreement matures in August of 2018.

**NOTE T – SUBSEQUENT EVENTS (UNAUDITED)**

During the first quarter of 2018, we sold various marine assets to Magellan, a related party, for approximately $1.6 million. The $1.6 million is comprised of $1.0 million cash and approximately $0.6 million of assumed debt which is described in NOTE S. The gain to be recognized in 2018 will be approximately $1.5 million.

Table of Contents

SCHEDULE II – VALUATION and QUALIFYING ACCOUNTS
**For the Fiscal Years of 2015, 2016 and 2017**
**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 |
|---|---|---|---|---|---|
| Inventory reserve | | | | | |
| 2015 | 371,332 | — | (251,023) | (120,309) | — |
| 2016 | — | — | — | — | — |
| 2017 | — | — | — | — | — |
| Accounts receivable reserve | | | | | |
| 2015 | 4,631,593 | — | (2,315,796) | — | 2,315,797 |
| 2016 | 2,315,797 | — | 29,932 | — | 2,345,729 |
| 2017 | 2,345,729 | — | — | (2,345,729) | — |

**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 | Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K dated February 28, 2006) |
| 3.3 | Certificate of Amendment filed with the Nevada Secretary of State on June 6, 2011 (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K filed June 7, 2011) |
| 3.4 | Certificate of Amendment filed with the Nevada Secretary of State on February 18, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K filed February 19, 2016) |
| 3.5 | Certificate of Change filed with the Nevada Secretary of State on February 18, 2016 (incorporated by reference to Exhibit 3.2 to the Company's Report on Form 8-K filed February 19, 2016) |
| 3.6 | Certificate of Withdrawal filed with the Nevada Secretary of State on June 29, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K filed July 6, 2016) |
| 3.7 | Amendment to Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K filed August 15, 2017) |
| 10.1 | 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) |
| 10.2* | 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Report on Form 8-K dated August 3, 2005) |
| 10.3 | Shipwreck Project Agreement with Gault Resources LLC dated February 11, 2011 (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010) |
| 10.4* | Employment Agreement dated August 7, 2014, between the Company and Mark D. Gordon (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014) |
| 10.5** | Loan Agreement dated August 14, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Amendment No. 1 to Quarterly Report on Form 10-Q filed February 27, 2015) |
| 10.6** | Promissory Note dated August 14, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Amendment No. 1 to Quarterly Report on Form 10-Q filed February 27, 2015) |
| 10.7* | 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated January 2, 2015) |
| 10.8 | Stock Purchase Agreement dated March 11, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated March 13, 2015) |
| 10.9 | Promissory Note dated March 11, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated March 13, 2015) |
| 10.10 | Pledge Agreement dated March 11, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K dated March 13, 2015) |
| 10.11 | Amendment No. 1 to Stock Purchase Agreement dated April 10, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated April 15, 2015) |
| 10.12 | Amendment No. 1 to Promissory Note dated April 10, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated April 15, 2015) |
| 10.13 | Amendment No. 1 to Pledge Agreement dated April 10, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K dated April 15, 2015) |
| 10.14 | Transition Agreement dated June 9, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 7, 2015) |
| 10.15 | Amendment No. 2 to Promissory Note dated October 1, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated October 5, 2015) |
| 10.16 | Promissory Note dated October 30, 2015(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 5, 2015) |

| | |
|---|---|
| 10.17 | Acquisition Agreement dated December 10, 2015 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015) |
| 10.18 | Amendment to Promissory Notes dated December 10, 2015 (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010) |
| 10.19 | Amendment No. 3 to Promissory Note dated December 15, 2015 (incorporated by reference to Exhibit 10.4 to the Company's Report on Form 8-K dated March 18, 2016) |
| 10.20 | Consulting Agreement dated December 10, 2015, between the Company and Gregory P. Stemm (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010) |
| 10.21 | Convertible Promissory Note dated March 18, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated March 18, 2016) |
| 10.22 | Loan and Security Agreement dated April 15, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated April 21, 2016) |
| 10.23 | Convertible Promissory Note April 15, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated April 21, 2016) |
| 10.24 | Amended and Restated Note Purchase Agreement dated October 1, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated October 6, 2016) |
| 10.25 | Common Stock Purchase Warrant dated October 1, 2016 (incorporated by reference to Exhibit 10.4 to the Company's Report on Form 8-K dated October 6, 2016) |
| 10.26 | Note Purchase Agreement dated August 10, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed August 15, 2017) |
| 10.27 | Convertible Promissory Note dated August 10, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K filed August 15, 2017) |
| 10.28 | Second Amended and Restated Convertible Promissory Note dated August 10, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K filed August 15, 2017) |
| 10.29 | Second Amended and Restated Waiver and Consent and Amendment No. 5 to Promissory Note and Amendment No. 2 to Stock Purchase Agreement dated August 10, 2017 (incorporated by reference to Exhibit 10.4 to the Company's Report on Form 8-K filed August 15, 2017) |
| 21.1 | Subsidiaries of the Registrant |
| 23.1 | Consent of Ferlita, Walsh, Gonzalez & Rodriguez, 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) |
| 101.1 | XBRL Interactive Data File |

* Management contract or compensatory plan.

** Portions of these exhibits have been omitted pursuant to a confidential treatment request. The omitted information has been filed separately with the Securities and Exchange Commission.

Table of Contents

## 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 26, 2018 By: /s/ Mark D. Gordon
**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/ MARK D. GORDON<br>**Mark D. Gordon** | President and Chief Executive Officer<br>(Principal Executive Officer) | March 26, 2018 |
| /s/ John D. Longley<br>**John D. Longley** | Chief Operating Officer | March 26, 2018 |
| /s/ JAY A. NUDI<br>**Jay A. Nudi** | Chief Financial Officer<br>(Principal Financial Officer) | March 26, 2018 |
| /s/ Gregory P. Stemm<br>**Gregory P. Stemm** | Chairman of the Board | March 26, 2018 |
| /s/ John C. Abbott<br>**John C. Abbott** | Director | March 26, 2018 |
| /s/ James S. Pignatelli<br>**James S. Pignatelli** | Director | March 26, 2018 |
| /s/ JON D. SAWYER<br>**Jon D. Sawyer** | Director | March 26, 2018 |
| /s/ Mark B. Justh<br>**Mark B. Justh** | Lead Director | March 26, 2018 |

**Exhibit 21.1**

**Subsidiaries of the Registrant**

| **Subsidiary (1)** | **Jurisdiction of Incorporation or Organization** |
|---|---|
| Odyssey Marine, Inc. | Florida |
| Odyssey Marine Services, Inc. | Nevada |
| OVH, Inc. | Nevada |
| Odyssey Retriever, Inc. | Nevada |
| Marine Exploration Holding, Llc. | Nevada |
| Odyssey Marine Entertainment, Inc. | Nevada |
| Odyssey Marine Management, Ltd. | Bahamas |
| Oceania Marine Operations S.R.L. | Panama |
| Odyssey Marine Enterprises, Ltd. | Bahamas |
| Oceanica Resources, S. de. R.L (2) | Panama |
| Exploraciones Oceanicas, S. de R.L. De C.V (3) | Mexico |
| Aldama Mining Company, S. De R.L. De C.V. | Mexico |
| Telemachus Minerals, S. De R.L. De C.V. | Mexico |

(1) Except as otherwise indicated, the Registrant directly or indirectly holds all of the outstanding equity interests of each subsidiary.
(2) The Registrant holds an indirect [53.89%] interest in this company.
(3) The Registrant holds an indirect [53.88%] interest in this company.

**VINCENT E. WALSH, CPA**
**FROMENT JOHN GONZALEZ, III, CPA**
**DON F. RODRIGUEZ, CPA, CVA**
**SAM S. FERLITA, CPA, CVA**

**Members:**
**American Institute of Certified Public Accountants**
*
**Florida Institute of Certified Public Accountants**
*
**Registered with Public Companies Accounting Standards Board**

Exhibit 23.1

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-8, SEC File Nos. 333-213438, 333-205328, 333-168611, 333-50325, 333-76038, 333-134631 and 333-166130 of Odyssey Marine Exploration, Inc. and subsidiaries of our report dated February 13, 2018, on the financial statements of Odyssey Marine Exploration, Inc. and subsidiaries, in this Annual Report on Form 10-K for the year ended December 31, 2017.

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

February 13, 2018

**3302 Azeele St. • Tampa, FL 33609**
**(813) 877-9609 • Fax: (813) 875-4477**
**www.fwgcpas.com**

**EXHIBIT 31.1**

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

I, Mark D. Gordon, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 26, 2018

/s/ Mark D. Gordon

**Mark D. Gordon**
**President and Chief Executive Officer**

**EXHIBIT 31.2**

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

I, Jay A. Nudi, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 26, 2018

/s/ Jay A. Nudi

**Jay A. Nudi**
**Chief Financial Officer (Principal Financial Officer)**

**EXHIBIT 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
ODYSSEY MARINE EXPLORATION, INC.
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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, 2017, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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/ Mark D. Gordon

**Mark D. Gordon**
**President and Chief Executive Officer**

March 26, 2018

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**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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, 2017, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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/ Jay A. Nudi
**Jay A. Nudi**
**Chief Financial Officer**

March 26, 2018

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.