

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION INC
Form 10QSB
January 14, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended November 30, 2002

Commission File Number 0-26136

ODYSSEY MARINE EXPLORATION, INC.

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

Nevada

84-1018684

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
identification No.)

3604 Swann Avenue, Tampa, Florida 33609

(Address of principal executive offices)

(813) 876-1776

(Registrants telephone number including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [] No

As of December 31, 2002, the Registrant had 28,600,887 shares of common stock, \$.0001 par value, outstanding.

Transitional Small Business Disclosure format: Yes [] No [X]

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

Page 1

INDEX

Part I: Financial Information	Page No.
Item 1. Financial Statements:	
Unaudited Consolidated Balance Sheet - as of November 30, 2002.....	3
Unaudited Consolidated Statements of Operations, Three Months Ended November 30, 2002, and 2001.....	4
Unaudited Consolidated Statements of Operations, Nine Months Ended November 30, 2002, and 2001.....	5
Unaudited Consolidated Statements of Cash Flows, Nine Months Ended November 30, 2002, and 2001.....	6 - 7
Notes to Consolidated Financial Statements.....	8 - 10
Item 2. Management's Plan of Operation.....	11 - 12
Item 3. Controls and Procedures.....	12 - 13
Part II: Other Information.....	13
Item 1. Legal Proceedings.....	13
Item 2. Change in Securities.....	13
Item 3. Defaults Upon Senior Securities.....	13
Item 4. Submission of Matters to a Vote of Security Holders.....	13
Item 5. Other Information.....	14
Item 6. Exhibits and Reports on Form 8-K.....	14
Signatures	14
Certifications	14 - 17

Page 2

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET AS OF NOVEMBER 30, 2002 - Unaudited

ASSETS	
CURRENT ASSETS	
Cash	\$ 1,422,173
Advances	16,634
Prepaid expense	72,770

Total current assets	1,511,577
PROPERTY AND EQUIPMENT	
Equipment and office fixtures	942,463
Accumulated depreciation	(226,117)

	716,346
OTHER ASSETS	
Loans receivable from related parties	277,093
Inventory	19,692
Deposits	22,359

	319,144

TOTAL ASSETS	\$ 2,547,067
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 126,826
Accrued expenses	40,023
Note payable to related party	56,144

Total current liabilities	222,993
DEFERRED INCOME FROM REVENUE PARTICIPATION CERTIFICATES	887,500
STOCKHOLDERS' EQUITY	
Preferred stock - \$.0001 par value; 9,299,999 shares authorized, none outstanding	-
Preferred stock series A convertible - \$.0001 par value; 510,000 shares authorized; none issued and none outstanding	-
Preferred stock series C convertible - \$.0001 par value; 1 share authorized; 1 share issued and outstanding	-
Common stock - \$.0001 par value; 100,000,000 shares authorized; 28,600,887 issued and outstanding	2,860
Additional paid-in capital	10,686,740
Accumulated deficit	(9,253,026)

Total stockholders' equity	1,436,574

	\$ 2,547,067
	=====

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

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

	Three Months Ended	
	November 30	
	2002	2001
	-----	-----
REVENUE	\$ -	9,975
OPERATING EXPENSES		
Project development	3,961	64,755
Project operations	351,651	32,999
Marketing and promotion	27,509	17,689
	-----	-----
Total operating expenses	383,121	115,443
GENERAL AND ADMINISTRATIVE EXPENSES	354,269	134,645
	-----	-----
(LOSS) FROM OPERATIONS	(737,390)	(240,113)
OTHER INCOME OR (EXPENSE)		
Interest income	8,353	12,066
Interest expense	(1,400)	(1,400)
Other	500	300
	-----	-----
Total other income or (expense)	7,453	10,966
	-----	-----
NET LOSS	\$ (729,937)	\$ (299,147)
	=====	=====
OTHER COMPREHENSIVE LOSS, NET OF TAX		
Unrealized loss on available for sale securities	-	(914)
	-----	-----
COMPREHENSIVE LOSS	\$ (729,937)	\$ (230,061)
	=====	=====
(BASIC AND DILUTED LOSS PER SHARE)	\$ (0.03)	\$ (0.01)
Weighted average number of common shares and potential common shares, basic and diluted outstanding.	27,180,073	19,029,920

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

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

	Nine Months Ended November 30	
	2002	2001
	-----	-----
REVENUE	\$ -	\$ 9,975
OPERATING EXPENSES		
Project development	\$ 6,931	\$ 160,139
Project operations	944,950	583,852
Marketing and promotion	73,897	73,999
	-----	-----
Total operating expenses	1,025,778	817,990
GENERAL AND ADMINISTRATIVE EXPENSES	976,539	396,906
	-----	-----
(LOSS) FROM OPERATIONS	(2,002,317)	(1,204,921)
OTHER INCOME OR (EXPENSE)		
Interest income	25,576	56,779
Interest expense	(4,230)	(4,375)
Other	500	306
	-----	-----
Total other income or (expense)	21,846	52,710
	-----	-----
NET LOSS	\$ (1,980,471)	\$ (1,152,211)
	=====	=====
OTHER COMPREHENSIVE LOSS, NET OF TAX		
Unrealized loss on available for sale securities	-	(9,380)
	-----	-----
COMPREHENSIVE LOSS	\$ (1,980,471)	\$ (1,161,591)
	=====	=====
(BASIC AND DILUTED LOSS PER SHARE)	\$ (0.07)	\$ (0.06)
Weighted average number of common shares and potential common shares, basic and diluted, outstanding.	27,180,073	19,029,920

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

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

	Nine Months Ended November 30	
	2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (1,980,471)	\$ (1,152,211)
Adjustments to reconcile net loss to net cash used by operating activity:		
Depreciation	70,071	53,456
Compensation expense of non-statutory options	74,050	-
Common stock issued for services	10,000	-
Interest income related parties	(15,853)	(14,165)
Interest expense related party	4,230	4,375
Inventory shrinkage	308	-
(Increase) in advances, prepaids, deposits	(86,179)	(9,914)
Increase (decrease) in:		
Accounts payable	76,271	(18,200)
Accrued expenses	27,522	(110,065)
	-----	-----
NET CASH (USED) IN OPERATING ACTIVITIES	(1,820,051)	(1,246,724)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(557,325)	(92,335)
Increase in loans receivable	(5,000)	(53,600)
	-----	-----
NET CASH (USED) IN INVESTING ACTIVITIES	(562,325)	(145,935)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Issuance of common stock	2,447,000	-
Issuance of preferred stock	500,000	-
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,947,000	-
	-----	-----
NET INCREASE (DECREASE) IN CASH	564,624	(1,392,659)
CASH AT BEGINNING OF PERIOD	857,549	2,433,187
	-----	-----
CASH AT END OF PERIOD	\$ 1,422,173	\$ 1,040,528
	=====	=====

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

SUPPLEMENTARY INFORMATION:

Interest paid	\$	-	\$	-
Income taxes paid	\$	-		-

Summary of significant non-cash transactions:

During the quarter ended November 30, 2002, one unrelated party exercised a non-statutory stock option resulting in non-cash consulting expense of \$46,500.

During the quarter ending August 31, 2002, a related party exercised a non-statutory stock option resulting in non-cash compensation expense of \$1,250. As partial payment on this option an accrued expense account due to the related party was satisfied in the amount of \$9,000. Also, an unrelated party elected under the terms of a consulting agreement with the Company, to receive 9,550 shares of restricted common stock in satisfaction of services valued at \$5,000 and payment toward an account receivable of \$5,000 due from the Company.

During the quarter ended May 31, 2002, two unrelated parties exercised non-statutory stock options resulting in non-cash consulting expense of \$26,300.

During the quarter ending November 30, 2001, the holder of 850,000 shares of Series B Preferred Stock converted the shares into 8,500,000 shares of Common Stock in a non-cash transaction.

During the quarter ended May 31, 2001, a note to a related party was renewed. The original principal amount of \$48,821 and accrued interest of \$7,323 were combined in a new note in the principal amount of \$56,144 bearing interest at 10% per annum. The due date was extended to March 31, 2003.

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Odyssey Marine Exploration, Inc. and subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and the instructions to Form 10-QSB and, therefore, do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Form 10-KSB for the year ended February 28, 2002.

In the opinion of management, these financial statements reflect all adjustments (including normal recurring adjustments) necessary for a fair presentation of the financial position as of November 30, 2002, results of operations, and cash flows for the interim periods presented. Operating results for the three months, and nine months ended November 30, 2002, are not necessarily indicative of the results that may be expected for the year ended February 28, 2003.

NOTE B - FORMATION OF SUBSIDIARIES AND ACQUISITION OF RESEARCH VESSEL

On September 11, 2002, we formed a wholly owned Nevada corporation, Odyssey Marine Services, Inc., ("Marine Services") for the purpose of holding and leasing our marine assets, chartering and leasing vessels and employing marine crew and technical personnel.

On September 11, 2002, we formed a wholly owned Nevada corporation, OVH, Inc, ("OVH") for the purpose of owning and chartering a research vessel.

On September 25, 2002, OVH purchased the 113-foot research vessel "Edwin Link" from Starboard Yacht Sales, a non-affiliate, for \$465,000 cash. The vessel was subsequently renamed "Odyssey".

On September 25, 2002, OVH entered into a Bare Boat Charter Party Agreement with Marine Services. The Charter Party requires Marine Services to pay a monthly lease fee and to pay for all upkeep, maintenance and insurance for the vessel and its crew. Marine Services plans to time charter the vessel and related marine assets to the Company for use on its projects and to others.

NOTE C - SERIES C CONVERTIBLE PREFERRED STOCK

On September 10, 2002, we filed a certificate of designation authorizing one share of Series C Convertible Preferred Stock (the "Preferred Stock"). The Preferred Stock does not pay a dividend. In the event of liquidation of the Company, the holder of the Preferred Stock will be entitled to receive out of the assets of the Corporation, prior to any distribution to holders of the Company's common stock, 100% of the issued and outstanding shares of the common stock of OVH. At any time prior to September 6, 2004, the holder of the Preferred Stock may convert his share into either: (i) 400,000 shares of our common stock and a warrant for the purchase of 400,000 shares of additional common stock at an exercise price of \$2.50 per share; or (ii) for the outstanding common stock of OVH.

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

If the holder does not convert the Preferred Stock within 180 days from the date of its issuance, we may transfer 100% of the issued and outstanding shares of the common stock of OVH to the holder in exchange for the one share of Preferred Stock by giving 15 days written notice (the "Notice Period"). During the Notice Period, the holder of the Preferred Stock may elect to exercise their right to convert.

On September 12, 2002, we sold one share of the Series C Convertible Preferred Stock to J.L. Holding International, Inc., a non-affiliate, for \$500,000 cash. The proceeds from this offering were used to capitalize OVH (See NOTE B).

NOTE D - COMMON STOCK

During the quarter ended November 30, 2002, the Company through its Officers and Directors sold 28.02 Units (the "Units"), at a price of \$50,000 per Unit for a total of \$1,401,000 in a private placement offering. Each Unit consisted of forty thousand (40,000) shares of our \$.0001 par value Common Stock (the "Common Stock") and a Warrant (the "Warrant") to purchase forty thousand (40,000) shares of Common Stock at a purchase price of \$2.50 per share. The shares of Common Stock issued pursuant to this Offering or the exercise of the Warrant are "Restricted Securities". A registration statement covering the resale of the Common Stock and the Common Stock attainable through the exercise of the Warrants became effective on November 21, 2002. The Warrants will expire on November 21, 2003.

NOTE E - COMMITMENTS AND CONTINGENCIES

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

The Agreement provides for us to submit a Project Plan (the "Plan") to the British Government concerning the equipment, personnel and methodologies we intend to use in the exploration of the shipwreck, and the conservation and documentation of any artifacts and cargo that may be recovered. The approval process set forth in the Agreement provides that the British Government must provide comments within 45 days, and that the final approval may take up to one hundred days from the date that the Plan is submitted for approval. We submitted our Plan to the government on November 11, 2002, and have received comments back. We are continuing the approval process, and hope to conclude the Project Plan during February 2003.

We have paid a 5,000 pounds (approximately \$7,845) refundable license fee and will be required to make an expense deposit, prior to the commencement of recovery operations, of approximately 150,000 pounds (approximately \$235,335) for the British Government's expenses in connection with the project. In the event the project is not successful, we are responsible for up to a maximum amount of 250,000 pounds (approximately \$392,500) of the British Government's expenses related to the project. At such time as we represent to the British Government that we have recovered \$3.5 million worth of cargo and/or artifacts, all funds advanced for the British Government's expenses will be returned to us.

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

We are also required to make a \$100,000 deposit to ensure that funds are available for the conservation and documentation of any artifacts recovered. This deposit will be required before any activities may commence and the Agreement provides a mechanism for raising or lowering the deposit amount depending upon the quantity and condition of the artifacts that need to be conserved, documented and curated.

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

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

NOTE E - COMMITMENTS AND CONTINGENCIES - continued

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

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

The Agreement is for a period of 20 years, but may be terminated if the parties cannot agree on a Plan; the shipwreck is not the HMS Sussex; if no artifacts are retrieved within 18 months of agreement on the Plan; or if we are in serious breach of our obligations under the Agreement.

After we split proceeds with the British Government, we must pay the holders of the Cambridge Revenue Participation Units. As a group, the holders are entitled to 100% of the first \$825,000 of gross revenue, 24.75 % of gross revenue from \$4-35 million, and 12.375 % of gross revenue above \$35 million. In addition, on May 26, 1998, we signed an agreement with a subcontractor who is entitled to 5% of the post finance cost proceeds from any shipwrecks in a certain search area of the Mediterranean. If the shipwreck we have found is the Sussex, it is located within the specified search area and we will be responsible for this payment.

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

ITEM 2. MANAGEMENT'S PLAN OF OPERATION.

Forward-Looking Information

This Report on Form 10-QSB contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements regarding Odyssey Marine Exploration, Inc. and its subsidiaries contained in this report that are not historical in nature, particularly those that utilize terminology such as "may," "will," "should," "likely," "expects," "anticipates," "estimates," "believes" or "plans," or comparable terminology, are forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements.

Plan of Operation

In the long term, we expect to derive the majority of our revenue through the sale and/or display of shipwreck cargoes and artifacts, including replicas, and through the operation of exhibits and/or themed attractions.

While we believe that our two newly formed subsidiaries may begin to generate revenue through the leasing of marine assets, we do not anticipate any significant net revenue from this source since the vessel and equipment will be utilized primarily for our own projects.

Therefore, until we are successful in acquiring and marketing artifacts and/or cargoes or opening exhibits or themed attractions, we will continue to be dependent upon investment capital to meet our cash flow requirements. To date, we have conducted private placements of debt, equity and project specific revenue participation to meet our financial obligations. During the next twelve months, we anticipate spending approximately \$100,000 per month to pay salaries and general office expense. We will also spend up to \$100,000 per month to operate the vessel RV Odyssey depending upon the utilization of the vessel and crew. We anticipate that we will raise operating capital by the sale of equity or debt through one or more private placements as our cash reserves are being utilized.

Operationally, we are planning to conduct search operations on the Bavaria and Republic Projects and to conduct recovery operations on the HMS Sussex Project. Additionally, we plan to investigate exhibit and attraction opportunities.

Bavaria Search Expedition

The Bavaria Project is an expedition attempting to locate and recover the cargo of a nineteenth century steamship sunk off the east coast of the United States. Research indicates that the steamer was carrying a large shipment of specie (coins) at the time of her loss.

We began search operations during 2002 by conducting a side scan survey over an area of approximately 700 square miles identifying approximately 50 anomalies. During November 2002, we began to inspect the anomalies using a remotely operated vehicle deployed from the R/V Odyssey. To date we have inspected 12 anomalies and while we have located several shipwrecks, we do not currently believe that we have located the Bavaria. Anomaly inspection will continue during January 2003 and if the Bavaria is not located, we plan to continue side scan operations over an extended search area.

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

Assuming the shipwreck is located, we anticipate that recovery operations will begin as soon as the archaeological excavation plan is complete, the necessary recovery funds have been secured and the required vessel and equipment can be mobilized. Based on the likely location of the shipwreck, and the circumstances relating to its ownership at the time of its loss, no permits will be necessary to begin recovery operations.

The Company has received research information relating to the Bavaria project from a variety of sources and, depending upon which site actually turns out to be the Bavaria, the Company may be obligated to pay one or more researchers for their information. The total amount of any such payments will not exceed \$150,000.

Republic Project

The Republic project is an attempt to locate, identify, recover, conserve and market the cargo of the Republic, a steam ship that sank after the Civil War. According to our research, the Republic's cargo included approximately 48,000 troy ounces of gold. While the bullion value is approximately \$16 million, much of the gold may have been shipped as dust, nuggets, and privately minted coins and bars from the gold fields, potentially increasing the value of the cargo. Odyssey has reached an agreement with research and insurance interests that would give us 75% of any net revenue generated by the project.

During June 2000, we conducted side scan operations over an area of approximately 65 square miles and during September 2000, we side-scanned an additional 80 square miles. Odyssey has reviewed the data and does not believe the Republic is within the areas searched.

During 2001, a subcontractor was contracted to conduct search operations in the designated search area, however, to date the Company does not believe the Republic has been located. We anticipate concluding the search operations with our own equipment during 2003.

The Sussex Project

The Sussex Project is an expedition to locate, recover and market the artifacts and cargo of a large colonial-period warship, HMS Sussex, lost in a severe storm in the 1600's. Based upon the research, management believes that there is a high probability that the ship was carrying a cargo of coins with a bullion value of between \$20 and \$85 million and a much higher numismatic value.

We have delivered a Project Plan to the British Government and anticipate completing the approval process during February 2003.

Assuming that the Plan is approved, we need to arrange financing and secure the required vessels and equipment prior to beginning operations at the site. We anticipate that we will begin operations during 2003.

ITEM 3. Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures within 90 days of the filing date of this quarterly report, and, based upon their evaluation, our principal executive officer and principal financial officer have concluded that these controls and procedures

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

None.

ITEM 2. Changes in Securities.

During the three month period ended November 30, 2002, the Company raised \$1,401,000 from 28 accredited investors in a private offering of Common Stock and warrants. A total of 1,120,800 shares and 1,120,800 warrants were sold. Each warrant is exercisable to purchase one share of common stock at \$2.50 per share through November 21, 2003. The securities were sold pursuant to the exemption provided by Rule 506 of Regulation D under the Securities Act of 1933. The Company filed a Form D with the SEC concerning this offering. The investors were provided with a private placement memorandum with information regarding the Company and their investment, and the Company believes that such persons had knowledge and experience in financial and business matters such that they were capable of evaluating the merits and risks of the investment. The certificates representing the securities bear an appropriate legend restricting the transfer of such securities.

The Company also issued one share of Series C Convertible Preferred Stock, sold through a private placement to a single investor, J.L. Holding, International, Inc. a Bahamian corporation, for \$500,000 in cash. The share was sold pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933. The investor was provided with information regarding the Company and its investment, and the Company believes that the investor had knowledge and experience in financial and business matters such that they were capable of evaluating the merits and risks of the investment. The certificate representing the share bears an appropriate legend restricting the transfer of such share.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Submission of Matters to a Vote of Security Holders.

On November 25, 2002, an Annual Meeting of the Shareholders was held to vote on the appointment of members to the Board of Directors and to ratify the appointment of the Company's independent auditors. The following five persons were elected to the Board of Directors each by a vote of 19,933,245 shares for and none withheld: John Morris, Gregory Stemm, George Knutsson, Henri DeLauze,

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

and David Saul. The shareholders also ratified the appointment of Ferlita, Walsh & Gonzales P.A., Certified Public Accountants, to act as independent auditors by a vote of 19,933,245 for and 7,500 against. There were no abstentions or broker non-votes.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits and Reports on Form 8-K.

The Company filed one Report on Form 8-K dated September 19, 2002 reporting information under Item 5 - Other Information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ODYSSEY MARINE EXPLORATION, INC.

Date: January 14, 2003

By: /s/ Michael V. Barton
Michael V. Barton, Chief Financial Officer
and Authorized Officer

CERTIFICATIONS

I, John C. Morris, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Odyssey Marine Exploration, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: January 14, 2003

/s/ John C. Morris
John C. Morris
President
(Principal Executive Officer)

I, Michael V. Barton, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Odyssey Marine Exploration, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: January 14, 2003

/s/ Michael V. Barton
Michael V. Barton
Chief Financial Officer
(Principal Financial Officer)

Edgar Filing: ODYSSEY MARINE EXPLORATION INC - Form 10QSB

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

We certify that, to the best of our knowledge, the Quarterly Report on Form 10-QSB of Odyssey Marine Exploration, Inc. for the period ending November 30, 2002:

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

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

/s/ John C. Morris
John C. Morris
Chief Executive Officer
January 14, 2003

/s/ Michael V. Barton
Michael V. Barton
Chief Financial Officer
January 14, 2003