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

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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

Commission File Number 001-31895

ODYSSEY MARINE EXPLORATION, INC.

(Exact name of registrant as specified in its charter)

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

205 S. Hoover Blvd, Suite 210, Tampa FL 33609
(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:

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

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

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 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	☐	Smaller reporting company	☒
		Emerging growth company	☐

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 8.5 million shares of voting stock held by non-affiliates of Odyssey Marine Exploration, Inc. as of June 30, 2019, was approximately $49.4 million. As of March 8, 2020, the Registrant had 9,478,009 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 15, 2020.

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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 or future events unless otherwise specifically indicated, except as required by law.

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.

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 a significant phosphate deposit. 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. This phosphate deposit is one of the largest to be identified, is expected to be important to the regional and international fertilizer markets, and is strategically important to Mexico and North America. To move to the next phase of development of the deposit, Odyssey's subsidiaries are managing the legal and political process to gain approval of a required Environmental Impact Application ("EIA").

In addition to our ownership stake in the ExO phosphate deposit, we also own a controlling interest in one other mineral project and a non-controlling interest in three other mineral companies controlling mineral deposits. We are also developing new mineral projects around the world.

We have extensive experience discovering shipwreck sites in the deep ocean and conducting archaeological excavations with remotely operated vehicles ("ROVs"). We have worked on historically important shipwreck projects 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.

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 have been 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. The company's capabilities also include a full suite of strategic and administrative functions that support identification of new resources, the scientific services required to validate and quantify mineral resources as well as process and analyze the environmental data for permitting. Through strategic alliances and partnerships Odyssey also develops extraction and commercial programs. This collective suite of capabilities gives the company the ability to develop subsea mineral resources from blue-ocean concepts through to extraction and commercial sales. This enables the company to rapidly drive resource targets and assets up the valuation chain.

We offer exploration services, including geophysical and geotechnical assessments of seabed mineral deposits as well as those mentioned above, 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 many economically significant types of seabed mineral deposits being evaluated or explored by Odyssey. Three primary types are:

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 elements 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 including cobalt, copper and rare earths. 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. Polymetallic nodules are found around the world in abyssal plains at depths generally ranging from 4,000 to 5,000 meters.

Seafloor Massive Sulphides (SMS) – SMS deposits are found on the ocean floor and contain copper, zinc, gold, silver and other 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). SMS deposit targets are generally distantly adjacent and away from active venting systems in largely biologically benign environments.

Deep-Ocean Shipwreck Exploration

During the past 20 years, we amassed a large proprietary 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 Magellan Ltd. ("Magellan") an affiliate of Monaco Financial LLC ("Monaco"), Magellan, while still retaining our equipment, tools, and specialized offshore team members. As part of this transaction 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.

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 conduct these services under contract to Monaco's affiliate and other companies for their projects as well.

Offshore Services

We own specialized marine services survey and recovery equipment that we mobilize for customers on 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.

Operational Projects and Status

We have numerous deep-ocean projects in various stages of development around the world. To protect the targets of our planned 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 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. The SEC has adopted amendments to the property disclosure requirements for mining registrants that must be complied with for the full fiscal year beginning after January 1, 2021. With respect to shipwrecks, the identity of the ship may be undeterminable 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 material 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. 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. This deposit is currently our main mineral project, and success of this project is important to Odyssey's future. Odyssey believes that this 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.

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 H). This loan was amended in December 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 $10.0 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 H).

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 deposit had been filed with the Mexican Secretary of Environment and Natural Resources (SEMARNAT). Approval of the EIA is needed 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 ExO on the EIA. 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.

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 ExO's deposit. In May 2018, after the statutory period for appeal of the ruling had passed with no appeals filed, the Mexican court published the full ruling on its website.

On October 18, 2018, we were notified that SEMARNAT repeated their refusal to issue the environmental approval for the phosphate deposit controlled by ExO in contravention of the unanimous ruling and Court Order issued by Mexico's Federal Court of Administrative Justice. On October 22, 2018, legal counsel for ExO filed an action before the Court requesting sanctions be imposed upon SEMARNAT and a requirement for SEMARNAT to promptly issue the permit as directed in the Court Order.

At a hearing on April 24, 2019, the Tribunal Federal de Justicia Administrativa (TFJA) advised ExO that in light of a procedural issue arising under Mexican law, its current application would have to be resubmitted to the court in a different form. The TFJA issued a formal order on June 17, 2019, which allowed ExO to file an alternative administrative action. In August 2019, ExO submitted this filing to seek annulment of SEMARNAT's decision of October 12, 2018.

According to ExO's Mexican legal counsel, the TFJA's recent determination is neither a reversal of their unanimous decision of March 21, 2018, which nullified SEMARNAT's original denial of the MIA on April 7, 2016, nor is it a validation of the legality of SEMARNAT's denial of the MIA October 12, 2018. To move to the next phase of development of the deposit, Odyssey and its subsidiaries need the issuance of this environmental permit. Odyssey and its subsidiary ExO continue to work to obtain the necessary environmental permission.

We have full confidence in the environmental and economic merits of our venture in Mexico. We are taking all necessary steps to protect our interests. The past administration in Mexico has treated our environmental permit application in a manifestly arbitrary, discriminatory and non-transparent manner, in bad faith and in clear disregard of their own applicable legal regime. In these circumstances, to protect our rights and to defend shareholder value, on January 4, 2019, we notified Mexico of our intent to submit a claim against Mexico to arbitration under the investment protection chapter of the North American Free Trade Agreement (NAFTA. Filing this notice of intent (NOI) initiated a consultation period during which we and the Mexican Government are to seek to resolve this dispute amicably. The first consultation occurred on April 2, 2019 and the Notice of Arbitration (NOA) was submitted on April 5, 2019. A public version of the NOI and NOA are available on our website at www.odysseymarine.com.com/nafta.

The Arbitral Tribunal, consisting of three international arbitrators well-versed in international investment treaties, has been constituted and the parties are in the process of finalizing the arbitration schedule and procedures with the Tribunal. We expect to file our First Memorial in the second quarter of 2020. This is the filing that lays out our case, witnesses and evidence for the Tribunal.

We intend to continue to work diligently and in good faith with Mexico's current administration to achieve an equitable resolution of this dispute, but we are prepared to proceed with the full NAFTA arbitration process if necessary.

On June 14, 2019, Odyssey executed an agreement that will provide up to $6.5 million in funding for prior, current and future costs of the NAFTA action. On January 31, 2020 this agreement was amended and restated, as a result of which the $6.5 million availability increased to $10.0 million (See NOTE H – Litigation Financing) The funder will not have any right of recourse unless the environmental permit is awarded or if proceeds are received.

Additional Mineral Projects

We have two additional strategic mineral projects currently under development.

One project is being conducted under contract with CIC LLC, a mineral development company, working in the South Pacific where we are receiving cash and equity for services rendered to the venture. This model is in line with the company's strategic plan. CIC, LLC is majority owned and controlled by Greg Stemm, the past Chairman of the Board for our Company. See NOTES C, G and I.

Additionally, on July 9, 2019, Odyssey acquired a 79.9% equity interest in Bismarck Mining Corporation (PNG) Limited ("Bismarck") in exchange for 249,584 shares of Odyssey's common stock.

Bismarck's primary asset is an exclusive exploration license covering approximately 320 square kilometers of subsea area containing at least five prospective exploration targets in two different mineralization types: seamount-related epithermal and modern placer gold. In connection with the acquisition by Odyssey, Bismarck and the seller entered into a royalty agreement that provides for Bismarck to pay the seller a 2.496% net smelter royalty on minerals mined from the license area.

The license area is adjacent to Lihir Island in Papua New Guinea where one of the world's largest known terrestrial gold deposits is currently being mined and processed by a major international mining company.

The deposit has significant strategic value to Odyssey and adds valuable diversification to the company's mineral asset portfolio. Previous exploration expeditions in the license area, including a survey conducted by Odyssey, indicate a polymetallic resource with commercially viable grade gold content may exist. Additionally, the two subsea debris fields within the area and adjacent to the terrestrial Ladolam Gold Mine are believed to have originated from the same volcanogenic source that is currently being mined on Lihir.

Odyssey is currently planning offshore operations in the licensed area during 2020. These operations are expected to include sampling (rock and sediment), water sampling, biological sampling and other environmental data acquisition to aid in the production of a resource estimate, environmental impact assessment and eventual mining plan.

Shipwreck Exploration Projects

Odyssey began conducting offshore services for our shipwreck business partner, Magellan Ltd, in 2016. In 2017 the search and inspection phase of a major shipwreck project covering multiple valuable targets was successfully completed. This project is ongoing and we currently are providing a range of marine-related services to Magellan in support of this.

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 offshore work requiring specialized equipment, personnel, project planning and management as well as research and scientific services.

Legal and Political Issues

Odyssey works with several 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 and in the recovery of subsea minerals 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 several 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 evaluating 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 companies generally service the oil, gas and telecom industries with survey capabilities. We view these companies as potential strategic partners or services providers for our projects.

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 not material on an annual basis. Our seabed mineral business is currently in the exploration and validation phase and has thus not exposed us to any significant environmental risks or hazards, other than those which are standard to basic marine operations.

Executive Officers of the Registrant

The names, ages and positions of all the executive officers of the Company as of March 1, 2019 are listed below.

Mark D. Gordon (age 59) has served as Chief Executive Officer since October 1, 2014, and was appointed to the Board of Directors in January 2008. Mr. Gordon also served as President from October 2007 to June 2019, when he was appointed Chairman of the Board. 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 56) 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 53) has served as Chief Operating Officer since October 1, 2014. On June 3, 2019, Mr. Longley was appointed President. 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 57) was appointed as Executive Vice President and Director of Communications in June 2012 and was elected to the Board of Directors in June 2019. She formerly served as 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, 2019, we had 14 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.

An investment in Odyssey is extremely speculative and of exceptionally high 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 that company's ability to move the project forward. With respect to our shipwreck projects, although we may be able to plan and obtain permits for our 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, and there could be an extended sales cycle to convert the cargo into cash. Since December 2015, the majority of our work on shipwreck projects has been performed as a contractor to another party, which limits the potential 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 mineral or 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 mineral deposits and shipwrecks can be imprecise, incomplete, outdated, and unreliable. 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. In the case of shipwrecks, 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. 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 adversely affect 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 necessary 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. Mineral deposits and shipwrecks may be in controlled waters where the policies and laws of a certain government may change abruptly, thereby adversely affecting 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 minerals or similar items from shipwrecks 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 minerals or recovered objects.

The methods and channels that may be used in the disposition or sale of recovered items are uncertain at present and may include several alternatives. Ready access to buyers for 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 exploration, excavation, or extraction operations.

It is possible we will not be successful in obtaining the necessary permits to conduct exploration or excavation and extraction operations. In addition, permits we obtain 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.

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 large quantities of minerals or mineral rights or shipwrecks and cargo or to charter or lease marine exploration vessels or equipment on favorable terms. However, we cannot guarantee that the sales and other 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 $10.4 million in 2019, $5.2 million in 2018 and $7.8 million in 2017. 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, magnetometers, ROVs, and other advanced science and technology to perform seabed mineral exploration and to locate and recover shipwrecks at depths previously unreachable 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 adversely affect 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.

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 corporate offices in Tampa, Florida where we lease approximately 6,000 square feet of office space. 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

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	
	High	Low
Quarter Ended		
March 31, 2018	$13.75	$3.44
June 30, 2018	$11.75	$6.66
September 30, 2018	$ 9.87	$6.44
December 31, 2018	$ 8.65	$3.16
Quarter Ended		
March 31, 2019	$ 8.42	$3.10
June 30, 2019	$ 7.56	$3.63
September 30, 2019	$ 6.20	$3.79
December 31, 2019	$ 4.26	$3.10

Approximate Number of Holders of Common Stock

The number of record holders of our common stock at February 11, 2020 was approximately 170. This does not include approximately 8,000 stockholders that hold their stock in accounts included in street name with broker/dealers.

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, 2019.

Issuer Purchases of Equity Securities

There were no repurchases of shares of the Company's common stock during the year ended December 31, 2019.

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.

	Years Ended December 31,				
Dollars in thousands except per share amounts	2019	2018	2017	2016	2015
Results of Operations					
Revenue	$ 3,073	$ 3,276	$ 1,248	$ 4,683	$ 5,330
Net income (loss)	(10,440)	(5,172)	(7,759)	(6,316)	(18,207)
Earnings (loss) per share – basic	(1.12)	(0.60)	(0.95)	(0.84)	(2.46)
Earnings (loss) per share – diluted	(1.12)	(0.60)	(0.95)	(0.84)	(2.46)
Cash dividends per share	—	—	—	—	—
Financial Position					
Assets	$ 5,330	$ 5,473	$ 2,972	$ 5,084	$ 6,913
Long-term obligations	7,397	4,644	7,644	8,979	3,141
Shareholder's equity (deficit)	(53,297)	(41,197)	(37,983)	(31,103)	(25,549)

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.

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 2019, 2018 and 2017, all of which included a twelve-month period ended December 31.

2019 Compared to 2018

Increase/(Decrease) (Dollars in millions)	2019	2018	2019 vs. 2018 $	2019 vs. 2018 %
Total revenue	$ 3.1	$ 3.3	$(0.2)	6%
Operations and research	7.9	3.7	4.2	115%
Marketing, general and administrative	5.5	5.7	(0.2)	3%
Total operating expenses	$ 13.4	$ 9.3	$ 4.1	44%
Total other income (expense)	$ (5.2)	$(3.0)	$(2.1)	70%
Income tax benefit (provision)	$ 0.0	$ 0.0	$ 0.0	0%
Non-controlling interest	$ 5.1	$ 3.9	$ 1.1	29%
Net income (loss)	$(10.4)	$(5.2)	$(5.3)	102%

Revenue

Total revenue is generated from chartering or leasing marine exploration equipment, or vessel or from providing marine services. Total revenue decreased by $0.2 million in 2019 as compared to 2018. The $0.2 million decrease is comprised of a $0.3 million increase in increased marine mineral support services for CIC and an increase in other marine services offset by a $0.5 million reduction related to Magellan's offshore marine services. See NOTE J for further CIC related party information.

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 $0.2 million from $5.7 million in 2018 to $5.5 million in 2019. This net decrease of $0.2 million was primarily due to (i) a net decrease of $0.8 million in personnel expenses attributable to regular, incentive and share-based compensation, (ii) an increase of $0.9 million of director compensation at the corporate and subsidiary level (the corporate directors did not receive any cash compensation in 2018), (iii) a $0.1 million decrease in corporate legal support and professional services and (iv) a $0.2 million allocated reduction of corporate overhead support.

Operations and research expenses primarily include all costs within Archaeology, Conservation, Exhibits, Research, and Marine Operations, which include all vessel and charter operations. For 2019, Operations and research expenses were $7.9 million compared to $3.7 million for the same period in 2018. The variance of $4.2 million was primarily due to (i) a $3.7 million increase in legal related support of our NAFTA arbitration with the government of Mexico to assure the fair treatment of our foreign investment, see ITEM 1: BUSINESS for more information, (ii) reductions of $0.1 million and $0.3 million in operational support services and depreciation, respectively, and (iii) a $0.9 million gain on sale of marine equipment that occurred in 2018, but not in 2019.

Other Income or Expense

Other income and expense generally consist of interest expense on our debt financing arrangements as well as, from time to time, the fair value change of derivatives carried on the balance sheet. Total other income and expense was $5.2 and $3.0 million in net expenses for 2019 and 2018, respectively, resulting in a net expense increase of $2.1 million. This variance was primarily attributable to an increase in interest expense of $0.8 million from the beneficial conversion feature tied to a promissory note, a warrant inducement of $0.9 million, a debt extinguishment loss of $0.3 million from a debt modification, new 2019 interest of $0.6 million, a fair valuation loss of $0.3 million on new debt assumed during the three months ended December 31, 2019, and an increase of other income of $0.8 million, which related to the reclassification of our Revenue Participation Rights for our *Cambridge* project, see NOTE K for further information. See NOTE H for other debt information.

Income Taxes and Non-Controlling Interest

We did not incur any taxes in 2019, 2018 or 2017.

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 2019 was $5.1 million as compared to $3.9 million for 2018. 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)	2019	2018
Summary of Cash Flows:		
Net (used) by operating activities	$(5,444)	$(6,452)
Net cash provided by investing activities	(15)	994
Net cash provided by financing activities	2,876	7,137
Net increase (decrease) in cash and cash equivalents	$(2,583)	$ 1,679
Beginning cash and cash equivalents	2,787	1,108
Ending cash and cash equivalents	$ 204	$ 2,787

Discussion of Cash Flows

Net cash used by operating activities for 2019 was $(5.4) million, an increase of $1.0 million compared to the same period in 2018. Net cash used by operating activities reflected a net loss before non-controlling interest of $(15.5) million offset in part by non-cash items of $1.7 million which primarily included depreciation and amortization of $0.1 million, note payable interest accretion of $0.8 million, equity based compensation of $0.8 million and deferred income amortization of $(0.8) million as well as a noncash use of $(0.7) million for an investment in an unconsolidated entity, loss on debt extinguishment of $0.3 million, a loss of $0.3 million on the debt fair value option and a $0.9 million loss due to a debt modification inducement. Other operating activities resulted in an increase in working capital of $8.4 million. Changes to accrued expenses, accounts receivable, accounts payable and other assets in 2019 comprised the $8.4 million.

Cash flows used by investing activities for 2019 were $0.01 million compared to $1.0 million provided by for in 2018. The same period during 2018 includes a payment of $1.0 million from Magellan for the purchase of certain marine assets, see NOTE E.

Cash flows provided by financing activities for 2019 were $2.9 million which represented $2.8 million of funds received from our NAFTA litigation financing, and $0.5 million debt financing offset by $0.3 million of repayments of financed obligations. For the same period in 2018, we borrowed the final tranche of $0.4 million from MINOSA, increased our note payable to SMOM by $0.5 and received $0.8 million toward our last promissory note. We also received a net advance of $1.0 million from Monaco in January 2018 which was eventually converted to a promissory note. This cash inflow was partially offset by repayment of debt obligations of $0.2 million. During the fourth quarter of 2018, we issued new equity in an equity offering netting the Company $4.6 million.

General Discussion 2019

At December 31, 2019, we had cash and cash equivalents of $0.2 million, a decrease of $2.6 million from the December 31, 2018 balance of $2.8 million. This decrease was mainly attributable to the $5.4 million used for operations offset in part by $3.3 million of financing attributable to the $2.8 million received for the NAFTA arbitration litigation and $0.5 million received from new indebtedness.

Financial debt of the company, excluding the derivative or beneficial conversion feature components of such debt, increased by $3.5 million in 2019, from a balance of $30.4 million at December 31, 2018 to a balance of $33.9 million at December 31, 2019. This increase was due to the NAFTA litigation financing of $3.0 million and the first tranche of the 37North funding of $0.5 million, both of which are discussed above in the Discussion of Cash Flows (see NOTE H).

Since SEMARNAT initially declined to approve the environmental permit application of our Mexican subsidiary in April 2016 and again in October 2018, even when the ruling of the Superior Court of the Federal Court of Administrative Justice in Mexico nullified SEMARNAT's initial denial, we continue to support the efforts of our subsidiaries and partners to work through the administrative, legal and political process necessary to have the decision reviewed and overturned.

2018 Compared to 2017

Increase/(Decrease) (Dollars in millions)	2018	2017	2018 vs. 2017 $	2018 vs. 2017 %
Total revenue	$ 3.3	$ 1.2	$ 2.0	162%
Operations and research	3.7	3.4	0.3	7%
Marketing, general and administrative	5.7	6.2	(0.5)	8%
Total operating expenses	$ 9.3	$ 9.6	$(0.3)	3%
Total other income (expense)	$(3.0)	$(2.7)	$ 0.3	14%
Income tax benefit (provision)	$ 0.0	$ 0.0	$ 0.0	0%
Non-controlling interest	$ 3.9	$ 3.3	$ 0.7	21%
Net income (loss)	$(5.2)	$(7.8)	$(2.5)	33%

Revenue

Total revenue increased by $2.0 million in 2018 as compared to 2017. The $2.0 million increase was comprised of a $1.0 million increase in continuation marine recovery work for Magellan and $1.0 million of new revenue with CIC, LLC related to mineral services. See NOTE J for further CIC related party information.

Cost and Expenses

Marketing, general and administrative expenses decreased from $6.2 million in 2017 to $5.7 million in 2018. The decrease of $0.5 million was primarily due to (i) a net decrease of $0.2 million in personnel expenses attributable to regular, incentive and share-based compensation, (ii) a decrease of $0.4 million in admiralty legal support and (iii) a $0.1 million increase in our management-related insurance policy.

For 2018, Operations and research expenses were $3.7 million compared to $3.4 million for the same period in 2017. The $0.3 million increase was primarily due to (i) a $1.0 million increase, which was offset by the additional revenue, in marine services costs, which include technical crew costs as well as other marine operational costs such as equipment rental, fuel, port fees and consumables, (ii) a decrease of $0.2 million in general operations support services overhead, which includes insurances, depreciation, travel and professional services, (iii) a net gain of $0.7 million on the sale of certain marine assets and (iv) a $0.2 million increase attributable to mineral support services for a client which is offset by the additional revenue.

Other Income or Expense

Other income and expense increased from an expense of $2.7 million in 2017 to an expense of $3.0 million in 2018, an increase of $0.3 million which primarily resulted from an increase of $0.4 million in interest expense due to new indebtedness and the application of a default interest rate on two of our loans, offset in part by $0.1 million of interest earned related to the HMS *Sussex* deposit. See NOTE H for related debt details.

Income Taxes and Non-Controlling Interest

We did not incur any taxes in 2018, 2017 or 2016.

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 2018 was $3.9 million as compared to $3.3 million for 2017. 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)	2018	2017
Summary of Cash Flows:		
Net cash (used) by operating activities	$(6,452)	$(5,851)
Net cash provided by investing activities	994	80
Net cash provided by financing activities	7,137	5,216
Net increase (decrease) in cash and cash equivalents	$ 1,679	$ (555)
Beginning cash and cash equivalents	1,108	1,663
Ending cash and cash equivalents	$ 2,787	$ 1,108

Discussion of Cash Flows

Net cash used by operating activities in 2018 was $6.5 million, an increase of $0.6 million compared to 2017. The 2018 operating cash flows primarily reflected a net loss before non-controlling interest of $9.1 million offset by non-cash items of $0.1 million which included share-based compensation of $0.3 million, depreciation and amortization of $0.5 million, interest accretion of $0.1 million and an investment in an unconsolidated entity of $(0.8) million. Included in this reconciliation of cash flows from operations was a gain on sale of equipment for $(0.9) million. Other working capital changes (including non-current assets) resulted in an increase in working capital of $3.5 million. This is primarily a result of a $1.6 million increase in accrued expense, a $0.5 million decrease accounts payable, a $0.8 million decrease in accounts receivable and a $0.1 million decrease in other assets. The change in accrued expenses was mainly due to the increase of accrued interest on our financial debt.

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, a $1.0 million increase accounts payable, a $0.2 million increase in accounts receivable and a $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.

Cash flows from investing activities in 2018 were $1.0 million as the result of the sale of marine equipment.

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

In 2018, we borrowed the final tranche of $0.4 million from MINOSA, $0.5 million from SMOM and $1.0 million from Monaco and an operating loan of $1.1 million from an investor (see NOTE H). This cash inflow was partially offset by repayment of debt obligations of $0.3 million. During the fourth quarter of 2018, we issued new equity in an equity offering netting the Company $4.6 million.

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

General Discussion 2018

At December 31, 2018, we had cash and cash equivalents of $2.8 million, an increase of $1.7 million from the December 31, 2017 balance of $1.1 million. This increase was mainly attributable to the $0.9 million gain on sale of marine equipment, $1.9 million of new debt financings and $4.6 million received from the issuance and sale of common stock offset by cash used by operations of $6.5 million.

Financial debt of the company, excluding the derivative or beneficial conversion feature components of such debt, increased by $3.0 million in 2018, from a balance of $27.4 million at December 31, 2017 to a balance of $30.4 million at December 31, 2018. The increase was due to the Monaco loan of $1.0 million, the final tranche of debt provided by MINOSA in the amount of $0.4 million, $0.5 million from SMOM and $1.1 million from a new investor, all of which are discussed above in the Discussion of Cash Flows (see NOTE H).

During the fourth quarter of 2018, we entered into a securities purchase agreement with certain investors pursuant to which we sold an aggregate of 700,000 shares of our common and warrants to purchase up to 700,000 shares of common stock to such investors. The proceeds received from this transaction were approximately $4.6 million (see NOTE L).

Since SEMARNAT initially declined to approve the environmental permit application of our Mexican subsidiary in April 2016 and again in October 2018, even when the ruling of the Superior Court of the Federal Court of Administrative Justice in Mexico nullified SEMARNAT's initial denial, we continue to support the efforts of our subsidiaries and partners to work through the administrative, legal and political process necessary to have the decision reviewed and overturned. The process is expected to conclude in 2019.

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. ("MINOSA"). The Purchase Agreement provides for us to issue and sell to the Investor shares of the our 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	7,223,145	$ 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, 2019 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 our phosphate deposit 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 H). 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, and 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 below. During December 2017 MINOSA transferred this debt to its parent company.

On March 18, 2016, Odyssey entered into a $3.0 million Note Purchase Agreement with Epsilon Acquisitions LLC (see below and NOTE H).

Epsilon is an investment vehicle of Mr. Alonso Ancira who is Chairman of the Board of AHMSA, an entity that controls MINOSA.

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 loans (see NOTE H for further details)

Promissory Note

During the period ended March 31, 2018, Monaco advanced us $1.0 million that was applied to a loan agreement that was executed on April 20, 2018. Monaco also agreed to treat $99,366 of back rent owed by us to Monaco as part of this loan resulting in an aggregate principal amount of $1,099,366 at December 31, 2019. The indebtedness bears interest at 10.0% percent per year. All principal and any unpaid interest are to be payable on the first anniversary of this agreement, April 20, 2019. This debt is secured by cash proceeds, if any, from our future shipwreck projects we have contracted with Magellan. As additional consideration, their share purchase option expiration date, as discussed in Note 1 – Monaco 2014 and Note 2 – Monaco 2016 above, has been extended from 30 days to seven months after the note becomes paid in full.

Promissory Note

On July 12, 2018, we entered into a Note and Warrant Purchase Agreement (the "Purchase Agreement") with two individuals (the "Lenders"), one of whom holds in excess of 5.0% of our outstanding common stock. Pursuant to the Purchase Agreement, the Lenders agreed to lend an aggregate of $1,050,000 to us, which was advanced in three tranches on July 12, 2018, $500,000, August 17, 2018, $300,000 and October 4, 2018, $250,000. The indebtedness is evidenced by secured convertible promissory notes (the "Notes") and bears interest at a rate equal to 8.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under the Notes and all accrued interest and fees are due and payable on July 12, 2019.

At any time after to the first to occur of (a) a sale by us of additional Notes or (b) September 12, 2018, the Lenders have the right to convert all amounts outstanding under the Notes into either (x) shares of our common stock at the conversion rate of $8.00 per share, (y) $500,000 of the indebtedness owed by Exploraciones Oceanicas S. de R. L. de C.V. ("ExO") to Oceanica Marine Operations, S.R.L. ("OMO"), or (z) a 7.5% interest in Aldama Mining Company, S. de R. L. de C.V. ("Aldama"). We indirectly hold a controlling interest in ExO; OMO and Aldama are indirect, wholly owned subsidiaries of ours.

In connection with the issuance and sale of the Notes, we issued warrants to purchase common stock (the "Warrants") to the Lenders. The Lenders may exercise the Warrants to purchase an aggregate of 50,000 shares of our common stock at an exercise price of $12.00 per share. The Warrants are exercisable during the period commencing on the date on which the Notes are converted into shares of our common stock and ending on July 12, 2021.

Pursuant to a Pledge Agreement, dated as of July 12, 2018 (the "Pledge Agreement"), our obligations under the Notes are secured by a pledge of a portion of Odyssey's ownership interest in Aldama and another entity.

Pursuant to a Registration Rights Agreement (the "Rights Agreement") among us and the Lenders, we granted the Lenders "piggy-back" registration rights with respect to the shares of our common stock issuable upon conversion of the Notes and the exercise of the Warrants.

The Purchase Agreement, the Notes, the Warrants, the Pledge Agreement, and the Rights Agreement include representations and warranties and other covenants, conditions, and other provisions customary for comparable transactions.

Term Extension (July 8, 2019)

On July 8, 2019, Odyssey and the Lenders entered into a Second Amendment to Note and Warrant Purchase Agreement and Note and Warrant Modification Agreement (the "Second Amendment") pursuant to which certain terms and provisions of the Notes and Warrants were amended or otherwise modified. The material terms and provisions that were amended or otherwise modified are as follows:

- the maturity date of the Notes was extended by one year, to July 12, 2020;

- the conversion rate of the Notes and the exercise price of the Warrants were modified to $5.756, which represented the "market price" of Odyssey's common stock as of July 7, 2019, the day before the Second Amendment was signed;
- the Notes are unsecured;
- the Notes are convertible only into shares of Odyssey common stock; and
- the modified Warrants are exercisable at any time until July 8, 2024 to purchase an aggregate of 196,135 shares of our common stock.

We evaluated the amendment's impact on the accounting for the Note in accordance with ASC 470-50-40-6 through 12 to determine whether extinguishment accounting was appropriate. The modification had a cash flow effect on a present value basis of less than 10%. However, the reduction in the conversion price resulted in a change in the fair value of the embedded conversion option that was more than 10% of the carrying value of the Note immediately prior to the modification. Because the amendment resulted in a substantial modification, extinguishment accounting was required, and we recorded a loss on the extinguishment of debt of $290,024. The extinguishment accounting resulted in a fair value reacquisition price of this debt of $1,340,024. The premium of $290,024 is being amortized over the remaining life of the debt. The related amortization for the period ended December 31, 2019 was $129,487. The warrant modification was treated as an inducement to extend the debt therefore the fair value of the warrants of $868,878 was a period expense and charged to interest expense with an offset to equity.

Litigation Financing

On June 14, 2019, Odyssey and Exploraciones Oceánicas S. de R.L. de C.V., our Mexican subsidiary ("ExO" and, together with Odyssey, the "Claimholder"), and Poplar Falls LLC (the "Funder") entered into an International Claims Enforcement Agreement (the "Agreement"), pursuant to which the Funder agreed to provide financial assistance to the Claimholder to facilitate the prosecution and recovery of the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement ("NAFTA") for violations of the Claimholder's rights under NAFTA related to the development of an undersea phosphate deposit off the coast of Baja Sur, Mexico (the "Project"), on our own behalf and on behalf of ExO and United Mexican States (the "Subject Claim"). Pursuant to the Agreement, the Funder agreed to specified fees and expenses regarding the Subject Claim (the "Claims Payments") incrementally and at the Funder's sole discretion. During the quarter ended September 30, 2019, we received $1,409,980 under this financing arrangement. The carrying and face value of this obligation at December 31, 2019 was $2,957,097.

Under the terms of the Agreement, the Funder agreed to make Claims Payments in an aggregate amount not to exceed $6,500,000 (the "Maximum Investment Amount"). The Maximum Investment Amount will be made available to the Claimholder in two phases, as set forth below:

(a) a first phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than $1,500,000 for the payment of antecedent and ongoing costs ("Phase I Investment Amount"); and

(b) a second phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than $5,000,000 for the purposes of pursuing the Subject Claim to a final award ("Phase II Investment Amount").

Upon exhaustion of the Phase I Investment Amount, the Claimholder will have the option to request Tranche A of the Phase II Investment Amount, consisting of funding up to $3.5 million ("Tranche A Committed Amount"). Upon exhaustion of the Tranche A Committed Amount, the Claimholder will have the option to request Tranche B of the Phase II Investment Amount, consisting of funding of up to $1.5 million ("Tranche B Committed Amount"). The Claimholder must exercise its option to receive the Tranche A Committed Amount in writing, no less than thirty days before submitting a Funding Request to the Funder under Tranche A. The Claimholder must exercise its option to receive the Tranche B Committed Amount in writing within forty-five days after the exhaustion of the Tranche A Committed Amount. Pursuant to the Agreement, the Claimholder agreed that, upon exercising the Claimholder's option to receive funds under Phase I, Tranche A of Phase II, or Tranche B of Phase II, the Funder will be the sole source of third-party funding for the specified fees and expenses of the Subject Claim under each respective phase and tranche covered by the option exercised, and the Claimholder will obtain funding for such fees and expenses only as set forth in the Agreement. The Funder was due closing fee of $80,000 for the Phase I Investment Amount, and $80,000 for the Phase II Investment Amount to pay third parties in connection with due diligence and other administrative and transaction costs incurred by the Funder prior to and in furtherance of execution of the Agreement.

Upon the Funder making Claims Payments to the Claimholder or its designees in an aggregate amount equal to the Maximum Investment Amount, the Funder has the option to continue funding the specified fees and expenses in relation to the Subject Claim on the same terms and conditions provided in the Agreement. The Funder must exercise its option to continue funding in writing, within thirty days after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount. If the Funder exercises its option to continue funding, the parties agreed to attempt in good faith to amend the Agreement to provide the Funder with the right to provide at the Funder's discretion funding in excess of the Maximum Investment Amount, in an amount up to the greatest amount that may then be reasonably expected to be committed for investment in Subject Claim. If the Funder declines to exercise its option, the Claimholder may negotiate and enter into agreements with one or more third parties to provide funding, which shall be subordinate to the Funder's rights under the Agreement.

The Agreement provides that the Claimholder may at any time without the consent of the Funder either settle or refuse to settle the Subject Claim for any amount; provided, however, that if the Claimholder settles the Subject Claim without the Funder's consent, which consent shall not be unreasonably withheld, conditioned, or delayed, the value of the Recovery Percentage (as defined below) will be deemed to be the greater of (a) the Recovery Percentage (under Phase I or Phase II, as applicable), or (b) the total amount of all Claims Payments made in connection with such Subject Claim multiplied by three (3).

If the Claimholder ceases the Subject Claim for any reason other than (a) a full and final arbitral award against the Claimholder or (b) a full and final monetary settlement of the claims, including in particular, for a grant of an environmental permit to the Claimholder allowing it to proceed with the Project (with or without a monetary component), all Claims Payments under Phase I and, if Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount, shall immediately convert to a senior secured liability of the Claimholder. This sum shall incur an annualized internal rate of return (IRR) of 50.0% retroactive to the date each Funding Request was paid by the Funder (under Phase I), or, to the conversion date for the Tranche A Committed Amount and Tranche B Committed Amount of Phase II if the Claimholder has exercised the respective option (collectively, the "Conversion Amount"). Such Conversion Amount and any and all accrued IRR shall be payable in-full by the Claimholder within 24 months of the date of such conversion, after which time any outstanding Conversion Amounts, shall accrue an (IRR) of 100.0%, retroactive to the conversion date (the "Penalty Interest Amount"). The Claimholder will execute such documents and take other actions as necessary to grant the Funder a senior security interest on and over all sums due and owing by the Claimholder in order to secure its obligation to pay the Conversion Amount to the Funder. If the Claimholder ceases the Subject Claim due to the grant of an environmental permit (with or without a monetary component), all Claims Payments under Phase 1 and, if the Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount shall immediately convert to a senior secured liability of the Claimholder and shall incur an annualized an IRR of 50.0% on the Conversion Amount, noted above, from the conversion date. Management has estimated it is more likely than not the Subject Claim will result in the issuance of the environmental permit requiring us to record interest under Generally Accepted Accounting Principles. Therefore, we have recorded interest expense of $369,506 for the period ended December 31, 2019. Reliance should not be placed on this estimate in determining the likely outcome of the Subject Claim.

If, at any time after exercising its option to receive funds under either Tranche A or Tranche B of Phase II, the Claimholder wishes to fund the Subject Claim with its own capital ("Self-Funding") (which excludes any Claims Payments made, either directly or indirectly, by any other third party), the Claimholder shall immediately pay to the Funder the Conversion Amount, provided that this requirement shall not apply if, after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount, the Funder does not exercise its option to provide Follow-On Funding.

In the event of any receipt of proceeds resulting from the Subject Claim ("Proceeds"), the Funder shall be entitled to any additional sums above the Conversion Amount to which the Funder is entitled as described below. Should the Claimholder cease the Subject Claim as described above after Self-Funding the Claim, accrued IRR and Penalty Interest shall be calculated and paid to the Funder as set forth above. The Funder's rights to the Recovery Percentage as defined below shall survive any decision by Claimholder to utilize Self-Funding. The parties acknowledge this Agreement constitutes a sale of the right to a portion of the Proceeds (if any) arising from the Subject Claim as set forth in this Agreement. The Claimholder has relinquished its right to the portion of the proceeds, if any, that the Funder would have the right to as described below. This sale of proceeds is being accounted for under the guidance of ASC 470-10-25 *Recognition (Sales of Future Revenues)*

On each Distribution Date, distributions of the Proceeds shall be made to the Claimholder and the Funder in accordance with subparagraph (a) or (b) below (the "Recovery Percentage"), as applicable:

(a) If the Claimholder receives only the Phase I Investment Amount from the Funder, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder, until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phase I;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an IRR of 20% of Claims Payments paid by the Funder under Phase I ("Phase I Compensation"), per annum; and

(iii) thereafter, 100.0% to the Claimholder.

(b) If the Claimholder exercises its options to receive Tranche A or both Tranche A and Tranche B of the Phase II Investment Amount, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phases I and II;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an additional 300.0% of Phase I Investment Amount; plus an additional 300% of the Tranche A Committed Amount (i.e. 300.0% of $3.5 million), less any amounts remaining of the Tranche A Committed Amount that the Funder did not pay as Claims Payments; plus an additional 300.0% of the Tranche B Committed Amount (i.e. 300.0% of $1.5 million), if the Claimholder exercises the Tranche B funding option, less any amounts remaining of the Tranche B Committed Amount that the Funder did not pay as Claims Payments;

(iii) third, for each $10,000 in specified fees and expenses paid by the Funder under Phase I and Phase II and any amounts over each $10,000 of the Tranche A Committed Amount and the Tranche B Committed Amount (if the Claimholder exercises the Tranche B funding option), 0.01% of the total Proceeds from any recoveries after repayment of (i) and (ii) above, to the Funder; and

(iv) thereafter, 100% to the Claimholder.

The Agreement provides that if no Proceeds are ever paid to or received by the Claimholder or its representatives and if the environmental permit is not issued, the Funder shall have no right of recourse or right of action against the Claimholder or its representatives, or any of their respective property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. If (a) Proceeds are paid to or received by the Claimholder or its representatives; (b) such Proceeds are promptly applied and/or distributed by the Claimholder or on behalf of the Claimholder in accordance with the terms of the Agreement; and (c) the amount received by the Funder as a result thereof is not sufficient to pay all of the Recovery Percentage and all of the amounts due to the Funder under the Agreement, then (provided that all of the Proceeds which the Funder will ever be entitled to have been paid to or received by the Funder), the Funder shall have no right of recourse or action against the Claimholder or its Representatives, or any of their property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. Pursuant to the Agreement, the Claimholder acknowledged the Funder's priority right, title, and interest in any Proceeds, including against any available collateral to secure its obligations under the Agreement, which security interest shall be first in priority as against all other security interests in the Proceeds. The Claimholder also acknowledged and agreed to execute and authorize the filing of a financing statement or similar and to take such other actions in such jurisdictions as the Funder, in its sole discretion, deems necessary and appropriate to perfect such security interest. The Agreement also includes representations and warranties, covenants, conditions, termination and indemnification provisions, and other provisions customary for comparable arrangements.

Amendment (January 31, 2020)

On January 31, 2020, Odyssey and the Lender entered into an Amended and Restated International Claims Enforcement Agreement (the "Restated Agreement"). The material terms and provisions that were amended or otherwise modified are as follows:

- The Lender has agreed to lend Odyssey up to $2.2 million in Arbitration Support Funds for the purpose of paying the Claimholder's litigation support costs in connection with Subject Claim;

- A closing fee of $200,000 has been retain by the Lender in connection with due diligence and other transaction costs incurred by the Lender;
- A warrant was issued to purchase our common stock which is exercisable for a period of five years beginning on the earlier of (a) the date on which the Claimholder ceases the Subject Claim for any reason other than a full and final arbitral award against the Claimholder or a full and final monetary settlement of the claims or (b) the date on which Proceeds are received and deposited into escrow. The exercise price per share is $3.99, and the Funder can exercise the warrant to purchase the number of share of our common stock equal to the dollar amount of Arbitration Support Funds provided to us pursuant to the Restated Agreement divided by the exercise price per share (subject to customary adjustments and limitations); and
- All other terms in the Restated Agreement are substantially the same as in the original Agreement

We are currently evaluating this transaction for the appropriate accounting treatment.

Promissory Note

On December 6, 2019, we entered into a Note Purchase Agreement (the "Purchase Agreement") with 37North Capital SPV 11, LLC (the "Investor") pursuant to which the Investor agreed to lend, in one or more transactions (each, "a Loan"), up to an aggregate of $2.0 million to us, subject to the terms and conditions of the Purchase Agreement. On December 10, 2019, the Investor made a loan to us in the amount of $539,000 pursuant to the Purchase Agreement. Each Loan made under the Purchase Agreement will be evidenced by a separate convertible promissory note (each, a "Note"). Unless otherwise converted as described below, the entire outstanding amount of all Loans will be due and payable on June 6, 2019 (the "Maturity Date"). The issuance and sale of any additional Notes is subject to the mutual agreement of Odyssey and the Investor and may occur in one or more subsequent closings to occur on or before January 5, 2019. On January 9, 2020, the outside date of January 5, 2020 was extended to 60 days from the original close date of December 6, 2019.

At any time and from time to time until the three-month anniversary of the Maturity Date, all or any portion of the outstanding amount of each Note may, at the Investor's election, be converted into shares of our common stock, par value $0.0001 per share ("Conversion Shares"). The number of Conversion Shares to be issued upon any conversion shall be equal to the quotient obtained by dividing the Applicable Conversion Amount (as defined below) by the Applicable Conversion Rate (as defined below). As defined in the Purchase Agreement, the "Applicable Conversion Amount" means, on the date of determination and with respect to each Note, (a) for the period beginning on the date of issuance and ending on the day immediately preceding the Maturity Date, an amount equal to 100.0% of the amount of the Loan evidenced by such Note then outstanding; (b) on the Maturity Date, 136.0% of the amount of the Loan evidenced by such Note then outstanding (such amount, the "Enhanced Conversion Amount"); (c) for the period beginning on the day immediately following the Maturity Date and for a period of three months thereafter (such three-month period, the "Accrual Period"), an amount equal to (i) the Enhanced Conversion Amount then outstanding plus (ii) an additional amount equal to 3.0% per month (prorated for any period of less than a full month) accrued on the amount described in clause (i); and (d) on any date after the Accrual Period, the amount then outstanding after giving effect to the accrual described in clause (c) during the Accrual Period (it being understood that no additional amount shall accrue after the expiration of the Accrual Period); and "Applicable Conversion Rate" means (x) with respect to any conversion on or prior to the Maturity Date, $5.00, and (y) with respect to any conversion after the Maturity Date, the lower of (i) $5.00 and (ii) 80.0% of the ten-day volume-weighted average price of Odyssey's common stock. Notwithstanding anything in the Purchase Agreement to the contrary, we are prohibited from issuing any Conversion Shares, to the extent such shares, after giving effect to such issuance after conversion and when added to the number of Conversion Shares previously issued upon conversion of any of the Notes sold pursuant to the Purchase Agreement, would represent in excess of 19.9% of (A) the number of shares of our common stock outstanding immediately after giving effect to such issuances or (B) the total voting power of our securities outstanding immediately after giving effect to such issuances that are entitled to vote on a matter being voted on by holders of our common stock.

If, at any time prior to the Maturity Date, (a) we receives cash proceeds (the "Shipwreck Proceeds") arising out of our salvage agreement relating to cargo recovered from a specified shipwreck, and (ii) the amount of the Shipwreck Proceeds equals at least 155.0% of the then-unpaid amount of all Loans, then we must repay in full the indebtedness outstanding under all the Notes by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans. In addition, at any time prior to the Maturity Date, we may repay all (but not less than all) of the then-unpaid amount of all Loans by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans; provided, that we must provide the Investor at least ten days' notice of its intention to repay the indebtedness.

The Purchase Agreement and the Note issued by Odyssey on December 10, 2019, include representations and warranties and other covenants, conditions, and other provisions customary for comparable transactions.

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 2020 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.

Our consolidated non-restricted cash balance at December 31, 2019 was $0.2 million which is insufficient to support operations for the following 12 months. We have a working capital deficit at December 31, 2019 of $50.0 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 H 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 $5.3 million at December 31, 2019 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, 2019.

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

As of December 31, 2019, we had approximately $0.8 million of net property and equipment, right to use – operating lease 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, 2019. 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 $56.8 million has been recorded as of December 31, 2019.

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. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles state an estimate is to be made for an allowance for doubtful accounts. The effect of using the direct write-off method, however, is not materially different from the results that would have been obtained had the allowance method been followed. If we were to have a recorded allowance, the accounts receivable would be stated net the recorded allowance.

Derivative Financial Instruments

From time to time, we may enter into a financial instrument that may contain a derivative. In evaluating fair value of derivative financial instruments, there are numerous assumptions which management must make that may influence the valuation of the derivatives that would be included in the financial statements.

Exploration License

The Company follows the guidance pursuant to ASU 350, "*Intangibles-Goodwill and Other*" in accounting for its Exploration License. Management determined the rights to use the license to have an indefinite life. This assessment is based on the historical success of renewing the license since 2006, and the fact that management believes there are no legal, regulatory, or contractual provisions that would limit the useful life of the asset. The exploration license is not dependent on another asset or group of assets that could potentially limit the useful life of the exploration license. In the future, the recoverability of the license will be tested whenever circumstances indicate that its carrying amount may not recoverable per the guidance of ASU 360, "*Subsequent Measurement*".

Contractual Obligations

At December 31, 2019, except as disclosed in NOTE O regarding our office lease, the Company did not have any other contractual obligations that extended beyond 12 months.

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 28.

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, 2019 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 15, 2020.

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 and Related Information" in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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 "Security Ownership of Certain Beneficial Owners and Management" 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 28.

   (b) Consolidated Financial Statement Schedules
   See “Index to Consolidated Financial Statements” on page 28.

   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 immediately following the signature page 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.

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. This process includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Odyssey Marine Exploration, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Odyssey Marine Exploration, Inc. and Subsidiaries (the Company) as of December 31, 2019 and the related consolidated statements of income, changes in stockholders' (deficit), and cash flows for the one year period ended December 31, 2019, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the one year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Consideration of the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note O 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 the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note O. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Warren Averett, LLC

We have served as the Company's auditor since 2020.
Tampa, Florida
March 30, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Odyssey Marine Exploration, Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Odyssey Marine Exploration, Inc. and subsidiaries (the Company) as of December 31, 2018 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2018 and 2017, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018 and 2017, in conformity with accounting principles generally accepted in the United States of America.

Consideration of the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note O 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 the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note O. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

FERLITA, WALSH, GONZALEZ & RODRIGUEZ, P.A.
Certified Public Accountants

We have served as the Company's auditor from 1998 to 2020.

Tampa, Florida
March 11, 2019

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 203,254	$ 2,786,832
Restricted cash	10,135	10,135
Accounts receivable and other, net	421,593	789,421
Other current assets	589,840	1,016,136
Total current assets	1,224,822	4,602,524
PROPERTY AND EQUIPMENT		
Equipment and office fixtures	10,664,948	11,033,536
Right to use – operating lease, net	739,803	—
Accumulated depreciation	(10,647,910)	(10,915,557)
Total property and equipment	756,841	117,979
NON-CURRENT ASSETS		
Investment in unconsolidated entity	1,500,000	752,667
Exploration license	1,821,251	—
Other non-current assets	26,806	—
Total non-current assets	3,348,057	752,667
Total assets	$ 5,329,720	$ 5,473,170
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 6,237,987	$ 2,772,423
Accrued expenses	13,422,715	9,804,546
Operating lease obligation	123,152	—
Loans payable	31,446,389	29,448,988
Total current liabilities	51,230,243	42,025,957
LONG-TERM LIABILITIES		
Loans payable	2,957,097	—
Operating lease obligation	621,046	—
Deferred income and revenue participation rights	3,818,750	4,643,750
Total long-term liabilities	7,396,893	4,643,750
Total liabilities	58,627,136	46,669,707
Commitments and contingencies (NOTE O)		
STOCKHOLDERS' EQUITY/(DEFICIT)		
Preferred stock – $.0001 par value; 24,984,166 shares authorized; none outstanding	—	—
Common stock – $.0001 par value; 75,000,000 shares authorized; 9,478,009 and 9,222,199 issued and outstanding	948	922
Additional paid-in capital	221,027,057	217,993,953
Accumulated (deficit)	(250,322,307)	(239,882,346)
Total stockholders' equity/(deficit) before non-controlling interest	(29,294,302)	(21,887,471)
Non-controlling interest	(24,003,114)	(19,309,066)
Total stockholders' equity/(deficit)	(53,297,416)	(41,196,537)
Total liabilities and stockholders' equity/(deficit)	$ 5,329,720	$ 5,473,170

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

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

	12 Month Period Ended December 31, 2019	12 Month Period Ended December 31, 2018	12 Month Period Ended December 31, 2017
REVENUE			
Marine services	1,984,316	2,439,997	1,236,623
Other services	$ 1,088,671	$ 835,756	$ 11,854
Total revenue	3,072,987	3,275,753	1,248,477
OPERATING EXPENSES			
Operations and research	7,927,831	3,688,560	3,438,389
Gain on sale of marine assets	—	—	—
Marketing, general and administrative	5,491,849	5,654,409	6,167,181
Total operating expenses	13,419,680	9,342,969	9,605,570
LOSS FROM OPERATIONS	(10,346,693)	(6,067,216)	(8,357,093)
OTHER INCOME OR (EXPENSE)			
Interest income	151	56,408	112
Interest expense	(5,360,192)	(3,142,280)	(2,727,235)
Gain (loss) on debt extinguishment	(290,024)	—	—
Change in derivative liabilities fair value	(322,485)	—	—
Other	819,517	48,803	63,074
Total other income or (expense)	(5,153,033)	(3,037,069)	(2,664,049)
LOSS BEFORE INCOME TAXES	(15,499,726)	(9,104,285)	(11,021,142)
Income tax benefit (provision)	—	—	—
NET (LOSS) BEFORE NON-CONTROLLING INTEREST	(15,499,726)	(9,104,285)	(11,021,142)
Non-controlling interest	5,059,765	3,931,849	3,261,670
NET (LOSS)	$(10,439,961)	$(5,172,436)	$ (7,759,472)
LOSS PER SHARE			
Basic and diluted	$ (1.12)	$ (0.60)	$ (0.95)
Weighted average number of common shares outstanding			
Basic and diluted	9,346,213	8,583,795	8,209,539

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

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

	12 Month Period Ended December 31, 2019	12 Month Period Ended December 31, 2018	12 Month Period Ended December 31, 2017
Preferred Stock - Shares			
At beginning of year	—	—	—
Preferred stock converted to common	—	—	—
At end of year	—	—	—
Common Stock – Shares			
At beginning of year	9,222,199	8,466,909	7,718,366
Common stock issued for cash	—	700,000	—
Common stock issued for settlement of senior convertible notes	—	—	670,455
Common stock issued for asset acquisition	249,584	—	—
Common stock issued for services	6,226	55,290	78,088
At end of year	9,478,009	9,222,199	8,466,909
Preferred Stock			
At beginning of year	$ —	$ —	$ —
Preferred stock converted to common	—	—	—
At end of year	$ —	$ —	$ —
Common Stock			
At beginning of year	$ 922	$ 847	$ 772
Common stock issued for cash	—	70	—
Common stock issued for settlement of senior convertible notes	—	—	67
Common stock issued for asset acquisition	25	—	—
Common stock issued for services	1	5	8
At end of year	$ 948	$ 922	$ 847
Paid-in Capital			
At beginning of year	$ 217,993,953	$ 212,103,344	$ 207,962,346
Common stock issued for settlement of senior convertible notes	—	—	3,352,207
Common stock issued for services	—	—	—
Share-based compensation	756,599	278,941	725,866
Fair value of warrants attached convertible debt	—	303,812	—
Beneficial conversion feature on convertible debt	—	746,187	62,925
Asset acquisition	1,407,627	—	—
Debt modification	868,878	—	—
Common stock issued for cash, net	—	4,561,669	—
At end of year	$ 221,027,057	$ 217,993,953	$ 212,103,344
Accumulated Deficit			
At beginning of year	$(239,882,346)	$(234,709,910)	$(226,950,438)
Net (loss)	(10,439,961)	(5,172,436)	(7,759,472)
At end of year	$(250,322,307)	$(239,882,346)	$(234,709,910)
Non-controlling Interest			
At beginning of year	$ (19,309,066)	$ (15,377,217)	$ (12,115,547)
Asset acquisition	365,717	—	—
Net (loss)	(5,059,765)	(3,931,849)	(3,261,670)
At end of year	(24,003,114)	(19,309,066)	(15,377,217)
Total stockholders' equity/(deficit)	$ (53,297,416)	$ (41,196,537)	$ (37,982,936)

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

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

	12 Month Period Ended December 31, 2019	12 Month Period Ended December 31, 2018	12 Month Period Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) before non-controlling interest	$(15,499,726)	$ (9,104,285)	$(11,021,142)
Adjustments to reconcile net loss to net cash (used) in operating activities:			
Note payable interest accretion	845,892	111,180	384,060
Senior convertible debt interest settled with common stock issuance	—	—	302,274
Share-based compensation	55,200	278,947	725,875
Depreciation and amortization	116,434	453,466	760,766
Loss on debt extinguishment	290,024	—	—
Director fees settled with equity instruments	701,396	—	—
Change in derivatives liabilities fair value	322,485	—	—
Debt modification inducement	868,878	—	—
Right of use asset amortization	53,233	—	—
Financed lender fees	—	—	50,000
Investment in unconsolidated entity	(747,333)	(752,667)	—
Gain on sale of equipment	—	(897,664)	(289,328)
Deferred revenue	(825,000)	—	—
(Increase) decrease in:			
Accounts receivable	367,828	(578,156)	241,426
Other assets	355,126	11,891	113,922
Increase (decrease) in:			
Accounts payable	3,690,481	496,068	999,488
Accrued expenses and other	3,960,783	3,528,805	1,881,977
NET CASH (USED) IN OPERATING ACTIVITIES	(5,444,299)	(6,452,415)	(5,850,682)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of equipment	—	1,003,662	80,000
Purchase of property and equipment	(15,492)	(9,624)	—
NET CASH PROVIDED BY INVESTING ACTIVITIES	(15,492)	994,038	80,000
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of loans payable	3,271,181	1,925,000	5,625,000
Restricted cash held as collateral	—	(125)	—
Settlement receipts from contractual obligation	—	15,000,000	—
Payment of contractual obligation	—	(14,000,000)	—
Proceeds from sale of common stock	—	4,561,739	—
Payment of operating lease liability	(48,838)	—	—
Repayment of loan and debt obligations	(346,130)	(349,598)	(408,768)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,876,213	7,137,016	5,216,232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,583,578)	1,678,639	(554,450)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,786,832	1,108,193	1,662,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 203,254	$ 2,786,832	$ 1,108,193
SUPPLEMENTARY INFORMATION:			
Interest paid	$ 1,544,663	$ 1,247,337	$ 622,055
Income taxes paid	$ —	$ —	$ —
NON-CASH INVESTING AND FINANCING TRANSACTIONS:			

During the quarter ended June 30, 2017, we sold a marine vessel to 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 H. 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 H.

During the quarter ended March 31, 2018, we converted $1.0 million of amounts advanced related to the contractual obligation settlement to a loan with Monaco Financial, LLC. During April 2018 the parties agreed to treat $99,366 of back rent owed by us to Monaco as part of this loan, see NOTE H.

During the quarter ended September 30, 2019, we commenced with a new five-year operating lease for our headquarters which resulted in a right-of-use asset and corresponding operating lease liability of $793,036.

During the quarter ended September 30, 2019, we acquired a 79.9% equity interest in Bismarck Mining Corporation (PNG) LTD (Bismarck) in exchange for 249,584 shares ($1,407,653) of our common stock

During the quarter ended December 31, 2019, we received $224,916 in non-cash financing pertaining to our Litigation financing as described in Note H: Note 9 – Litigation financing. The lender settled a portion of the Company’s litigation payables directly with the vendor.

The accompanying notes are an integral part of these 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

Accounting standards applied in 2019

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which establishes a comprehensive lease standard under GAAP for virtually all industries. The 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 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. We had no leases at the time of adoption of this lease standard. We entered into two operating lease during the latter half of 2019 for which we are applying the new accounting standard (see NOTE O).

In July 2017, the FASB issued Accounting Standards Update No. 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815).* The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. Based on management's review of this new standard along with the underlying substance of our operations, it did 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

As of January 1, 2019, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), as modified (ASU No. 2014-09), using the modified retrospective method. This method requires that any financial statement impact from adoption be recognized as a cumulative adjustment to retained earnings as of the date of adoption. The adoption of this ASU did not change the timing of the Company's revenue recognition for any contracts and, therefore, the adoption of this standard did not have a material impact on the Company's financial statements.

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC Topic 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

The Company currently generates revenues from three customers with contracts. There are two sources of revenue, marine services, and other services. The contracts for both services provide research, scientific services, marine operations planning, management execution, and project management. These services are billed generally on a monthly basis, and recognized as revenue as the services are performed. Revenue is recognized over time, as the customers simultaneously receive and consume the benefits provided by the Company each month. The Company generally does not receive any upfront consideration for these services, and there is no variable consideration for the services. Costs associated with both services include all direct consulting labor, and minimal supplies, and is charged to operations as a component of Operations and Research.

Accounts receivable are based on amounts billed to customers. Generally accepted accounting principles state an estimate is to be made for an allowance for doubtful accounts. We have determined no allowance is currently necessary. If we were to have a recorded allowance, the accounts receivable would be stated net of the recorded allowance.

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 $10,135 of restricted cash for collateral related to a corporate credit card program.

Exploration License

The Company follows the guidance pursuant to ASU 350, "*Intangibles-Goodwill and Other*" in accounting for its Exploration License. Management determined the rights to use the license to have an indefinite life. This assessment is based on the historical success of renewing the license since 2006, and the fact that management believes there are no legal, regulatory, or contractual provisions that would limit the useful life of the asset. The exploration license is not dependent on another asset or group of assets that could potentially limit the useful life of the exploration license. In the future, the recoverability of the license will be tested whenever circumstances indicate that its carrying amount may not recoverable per the guidance of the Accounting Standards Codification ("ASC") for topic 360 for Property, Plant and Equipment.

Long-Lived Assets

Our policy is to recognize impairment losses relating to long-lived assets in accordance with the ASC 360 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. Impairment losses are included in depreciation at the time of impairment. We did not have any impairments in 2019, 2018 or 2017.

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. Items that may require major overhauls (such as engines or generators) that enhance or extend the useful life of vessel related assets qualify 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.

Earnings Per Share

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 outstanding 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, 2019, 2018 and 2017 the weighted average common shares outstanding were 9,346,213, 8,583,795 and 8,209,539, respectively. For the periods ending December 31, 2019, 2018 and 2017 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:

	2019	2018	2017
Average market price during the period	$ 4.93	$ 6.81	$ 3.98
In the money potential common shares from options excluded	22,493	13,450	7,023
In the money potential common shares from warrants excluded	120,000	50,640	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	2019	2018	2017
Out of the money options excluded:			
$3.59	—	—	—
$12.48	136,833	136,833	137,666
$12.84	4,167	4,167	4,167
$26.40	75,158	75,158	75,158
$34.68	—	—	—
$39.00	—	—	8,333
$41.16	—	—	—
$42.00	—	—	—
$46.80	—	—	—
Out-of-the-money warrants excluded:			
$5.76	196,135	—	—
$7.16	700,000	700,000	—
$12.00	—	65,625	—
Total excluded	1,112,293	981,783	225,324

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:

	2019	2018	2017
Excluded unvested restricted stock awards	41,667	41,667	132,826

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, 2019	12 Month Period Ended December 31, 2018	12 Month Period Ended December 31, 2017
Net loss	$(10,439,961)	$(5,172,436)	$(7,759,472)
Cumulative dividends on Series G Preferred Stock	—	—	—
Numerator, basic and diluted net loss available to stockholders	$(10,439,961)	$(5,172,436)	$(7,759,472)
Denominator:			
Shares used in computation – basic:			
Weighted average common shares outstanding	9,346,213	8,583,795	8,209,539
Shares used in computation – diluted:			
Weighted average common shares outstanding	9,346,213	8,583,795	8,209,539
Net loss per share – basic and diluted	$ (1.12)	$ (0.60)	$ (0.95)

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 L).

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. 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.

We adopted ASC Topic 820 for certain financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

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.

We measure certain financial instruments at fair value on a recurring basis. The Company had liabilities that are required to be measured at fair value on a recurring basis as follows at December 31, 2019:

	Total	Level 1	Level 2	Level 3
Assets:	$ —	$ —	$ —	$ —
Liabilities:				
Hybrid debt instrument at fair value	$861,484	$ —	$ —	$861,484

The following is a reconciliation of the beginning and ending balances for the liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year December 31, 2019: See footnote NOTE H: Note 10 – 37North for further detail.

Balance at December 31, 2018	$ —
Fair value of hybrid instrument issued	869,783
Gain on change in derivative liability	(8,299)
Balance at December 31, 2019	$861,484

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.

NOTE B – CONCENTRATION OF CREDIT RISK

We maintain the majority of our cash at one financial institution. At December 31, 2019 and 2018, our uninsured cash balance was approximately $16,000 and $2.6 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, 2019	December 31, 2018
Trade	$ 161,937	$ 9,466
Related party	216,603	664,596
Other	43,053	115,359
Accounts receivable, net	$ 421,593	$ 789,421

During the quarter ended September 30, 2018, we began providing services for a deep-sea mineral exploration company in which our past Chairman of the Board, Greg Stemm, has a controlling and ownership interest. See NOTE J for further information. At December 31, 2019 and 2018, respectively, the company owed us $216,603 and $52,098, respectively.

NOTE D – OTHER CURRENT ASSETS

Our other current assets consist of the following:

	December 31, 2019	December 31, 2018
Prepaid expenses	$ 584,765	$ 478,560
Project deposit	—	532,500
Deposits	5,075	5,076
Total other current assets	$ 589,840	$ 1,016,136

All prepaid expenses are amortized on a straight-line basis over the term of the underlying agreements. Deposits may 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, 2019	December 31, 2018
Computers and peripherals	706,274	1,021,844
Furniture and office equipment	1,854,098	1,907,116
Marine equipment	8,104,576	8,104,576
Right to use asset, net	739,803	—
	11,404,751	11,033,536
Less: Accumulated depreciation	(10,647,910)	(10,915,557)
Property and equipment, net	$ 756,841	$ 117,979

During 2018, we sold marine assets with an approximate gross cost of $4.6 million and an approximate net book value of $0.1 million to a Monaco company for $1.0 million cash and assumed debt. See Lease commitment in NOTE O – Commitments and Contingencies for further information on Right to use asset, net.

NOTE F – EXPLORATION LICENSE

On July 9, 2019, we acquired a 79.9% interest in Bismarck Mining Corporation (PNG) Limited (“Bismarck”), a Papua New Guinea company that was organized for the purpose of exploring the deep waters off the coast for precious metals. We evaluated the transaction under ASU 2017-01 Business Combinations (Topic 805) and determined that Bismarck did not meet the definition of a business so the transaction represented an acquisition of assets rather than a business combination. Asset acquisitions do not give rise to goodwill. Rather, the sum of the fair value of the consideration given, together with transaction costs is allocated to the individual assets acquired and liabilities assumed based on their relative fair values which were more clearly evident and, thus, more reliably measurable at the date of acquisition under ASC 805-50-30-2 *Initial Measurement*. In the future, the recoverability will be tested whenever events or changes in circumstances indicate that its carrying amount may not be recoverable per the guidance of ASC 360-10-35-21 *Subsequent Measurement.*

The consideration paid for the asset acquisition consisted of the following:

Fair value of 249,584 common shares issued	$1,407,653
Direct transaction costs	46,113
Total consideration paid	$1,453,766

The consideration was allocated as follows:

Intangible asset- exploration license rights	$1,821,251
Current assets	1,747
Current liabilities	(3,516)
Less: Non-controlling interest	(365,716)
Total net assets acquired	$1,453,766

Included in this acquisition are the rights to Bismarck's exploration license, which is renewable every two years. Per ASC 350-30-35-3, management has deemed the rights to this license to have an indefinite life. Determining if the rights to the license has an indefinite or finite life required us to consider the nature of the renewal process and any additional economic factors, if any, required when renewing this license. We currently expect to use and renew the related license indefinitely, and we do not believe there are currently any legal, regulatory, or contractual provisions that are expected to limit the useful life of the related exploration license or indicate that the useful life is other than indefinite. The exploration license is also not dependent on, or specifically associated with, another asset or group of assets that would limit the useful life of the intangible asset or indicate that the useful life is other than indefinite. Management's assumptions regarding our ability to successfully renew or extend the exploration license are based on Bismarck's historical experience. Bismarck was established in 2006, and they have historically renewed and extended the exploration license without a lapse in their ability to use the license. The license has also never been revoked. We will not incur significant maintenance costs related to the license. There is an annual fee due of approximately $14,000 to maintain the license. This amount is much less than the carrying amount of the license and the cost is not expected to prohibit continued renewals of the license in the future. Based on all the factors considered above, management believes it is appropriate to assign indefinite useful life to the acquisition of the rights for the exploration license.

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, 2019, 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 subsequent to the December 31, 2016 audit 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. As of December 31, 2019, 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.

CIC, LLC

In 2018, we began providing services to CIC LLC, a company controlled by Greg Stemm, the past Chairman of the Board for Odyssey (See NOTE J for related parties). This company is pursuing deep water mining permits in foreign waters. Due to the initial structure of the company, we determined this venture to be a VIE consistent with ASU 2015-2. We have determined that we are not the primary beneficiary of the VIE and, therefore, we have not consolidated this entity. Additionally, we also will record the investment under the cost method as we have determined we do not exercise significant influence over the entity. We will assess our investment for impairment annually and, if a loss in value is deemed other than temporary, an impairment charge will be recorded. At December 31, 2019, the accumulated investment in the entity is $1,500,000, which is classified as an investment in unconsolidated entity in our consolidated balance sheets. The agreements relating to the equity investment were executed in January 2019.

We account for the investments we make in certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, or (2) as a group, the holders of the equity investment at risk do not have either the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. These legal entities are referred to as "variable interest entities" or "VIEs."

We would consolidate the results of any such entity in which we determined we had a controlling financial interest. We would have a "controlling financial interest" in such an entity if we had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. On a quarterly basis, we reassess whether we have a controlling financial interest in any investments we have in these legal entities.

We determine whether any of the entities in which we have made investments is a VIE at the start of each new venture and if a reconsideration event has occurred. At such times, we also consider whether we must consolidate a VIE and/or disclose information about our involvement in a VIE. A reporting entity must consolidate a VIE if that reporting entity has a variable interest (or combination of variable interests) that will absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. A reporting entity must consider the rights and obligations conveyed by its variable interests and the relationship of its variable interests with variable interests held by other parties to determine whether its variable interests will absorb a majority of a VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. The reporting entity that consolidates a VIE is called the primary beneficiary of that VIE.

NOTE H –LOANS PAYABLE

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

	December 31, 2019	December 31, 2018
Note 1 – Monaco 2014	$ 2,800,000	$ 2,800,000
Note 2 – Monaco 2016	1,175,000	1,175,000
Note 3 – MINOSA 1	14,750,001	14,750,001
Note 4 – Epsilon	1,000,000	1,000,000
Note 5 – SMOM	3,500,000	3,500,000
Note 6 – MINOSA 2	5,050,000	5,050,000
Note 7 – Monaco 2018	1,099,367	1,099,366
Note 8 – Promissory note	1,210,537	74,621
Note 9 – Litigation financing	2,957,097	—
Note 10 – 37North	861,484	—
	$34,403,486	$29,448,988

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 that 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, promissory notes issued to Monaco in 2015 and 2016 were amended. 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 exercise price of the Share Purchase Option was re-priced to $1.00 per share. This indebtedness has matured, but Monaco has not demanded payment because we are in negotiations with Monaco to set a new maturity date. As of the maturity date, the interest rate was adjusted to the default rate of 18% per annum. See "Loan Modification (March 2016)" below. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $573,110 and $507,741, respectively, was recorded. The outstanding interest-bearing balance of these Notes is $2.8 million at December 31, 2019 and 2018.

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 was payable on April 15, 2018. This indebtedness has matured, but Monaco has not demanded payment because we are in negotiations with Monaco to set a new maturity date. As of the maturity date, the interest rate was adjusted to the default rate of 18% per annum. The current outstanding balance as of December 31, 2019 and 2018 was $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 net book value of this equipment is $0.3 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 2017, we sold a marine vessel to a Monaco related company 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. Because 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. This BCF has been fully amortized as of March 31, 2018. A total of $252,940 has been previously charged to interest expense related to the discount. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $267,617 and $224,846, 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 were insufficient to pay off the loan balance by December 31, 2017, then Monaco could 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 related to the Oceanica shares held by us was extended until December 31, 2017.

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. However, for the current period ended December 31, 2019, we do not deem Monaco to be a related party.

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 agreed 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 phosphate deposit 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 indebtedness 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"). On 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 implemented on February 19, 2016, (b) adjusting the Company's authorized capitalization, which was also implemented 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, 2019 and 2018. The maturity date of this indebtedness 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. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $1,180,000 and $1,180,000, respectively, was recorded.

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 would 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 was effective April 10, 2017 and included 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 the transaction 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 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 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 Warrant's fair value was calculated using Black-Scholes Merton ("BSM"). The aggregate fair value of the Warrant totaled $303,712. Since the Warrant was issued as an inducement to Epsilon to issue additional debt, we recorded an inducement expense of $303,712. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $100,272 and $99,998, 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 of indebtedness, 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, 2019 and 2018 is $1.0 million.

Note 5 – SMOM

On May 3, 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 and due to the age and collectability was deemed to have no fair value. The indebtedness bears interest at a rate of 10% per annum and matures on the second anniversary of this Loan Agreement which is May 3, 2019. On April 20, 2018, the loan was amended, and the principal amount of the Loan was increased to $3,500,000. The loan balance at December 31, 2019 and 2018 is $3.5 million. The holder has the option to convert up to $2.0 million of 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, 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. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $349,999 and $330,822, respectively, was recorded.

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 agreed to 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, 2019 and 2018, the outstanding principal balance, including the Epsilon assignment, is $5.05 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. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $504,998 and $504,075, respectively, was recorded.

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, 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.

Note 7 – Monaco 2018

During the period ended March 31, 2018, Monaco advanced us $1.0 million that was applied to a loan agreement that was executed on April 20, 2018. Monaco also agreed to treat $99,366 of back rent owed by us to Monaco as part of this loan resulting in an aggregate principal amount of $1,099,367 at December 31, 2019 and 2018. The indebtedness bears interest at 10.0% percent per year. All principal and any unpaid interest is to be payable on the first anniversary of this agreement, April 20, 2019. This debt is secured by cash proceeds, if any, from our future shipwreck projects we have contracted with Magellan. As additional consideration, their share purchase option expiration date, as discussed in Note 1 – Monaco 2014 and Note 2 – Monaco 2016 above, has been extended from 30 days to seven months after the note becomes paid in full. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $123,466 and $79,539, respectively, was recorded.

Note 8 – Promissory note

On July 12, 2018, we entered into a Note and Warrant Purchase Agreement (the “Purchase Agreement”) with two individuals (the “Lenders”), one of whom holds in excess of 5.0% of our outstanding common stock. Pursuant to the Purchase Agreement, the Lenders agreed to lend an aggregate of $1,050,000 to us, which was advanced in three tranches on July 12, 2018, $500,000, August 17, 2018, $300,000 and October 4, 2018, $250,000. The indebtedness is evidenced by secured convertible promissory notes (the “Notes”) and bears interest at a rate equal to 8.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under the Notes and all accrued interest and fees are due and payable on July 12, 2019.

At any time after to the first to occur of (a) a sale by us of additional Notes or (b) September 12, 2018, the Lenders have the right to convert all amounts outstanding under the Notes into either (x) shares of our common stock at the conversion rate of $8.00 per share, (y) $500,000 of the indebtedness owed by Exploraciones Oceanicas S. de R. L. de C.V. (“ExO”) to Oceanica Marine Operations, S.R.L. (“OMO”), or (z) a 7.5% interest in Aldama Mining Company, S. de R. L. de C.V. (“Aldama”). We indirectly hold a controlling interest in ExO; OMO and Aldama are indirect, wholly owned subsidiaries of ours.

In connection with the issuance and sale of the Notes, we issued warrants to purchase common stock (the "Warrants") to the Lenders. The Lenders may exercise the Warrants to purchase an aggregate of 50,000 shares of our common stock at an exercise price of $12.00 per share. The Warrants are exercisable during the period commencing on the date on which the Notes are converted into shares of our common stock and ending on July 12, 2021.

Pursuant to a Pledge Agreement, dated as of July 12, 2018 (the "Pledge Agreement"), our obligations under the Notes are secured by a pledge of a portion of Odyssey's ownership interest in Aldama and another entity.

Pursuant to a Registration Rights Agreement (the "Rights Agreement") among us and the Lenders, we granted the Lenders "piggy-back" registration rights with respect to the shares of our common stock issuable upon conversion of the Notes and the exercise of the Warrants.

The Purchase Agreement, the Notes, the Warrants, the Pledge Agreement, and the Rights Agreement include representations and warranties and other covenants, conditions, and other provisions customary for comparable transactions.

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 the transaction for proper classification under ASC 480 Distinguishing Liabilities from Equity ("ASC 480"), ASC 815 Derivatives and Hedging ("ASC 815").

We determined that the debt achieved conventional convertible status and that the equity conversion option was in the money at inception which required the calculation of a beneficial conversion feature ("BCF"). The fair value of the warrants and BCF component exceeded the amount of proceeds, therefore, they were limited to the cash proceeds of $1,050,000 at December 31, 2018. As a result, there was no value allocated to the debt at inception. The debt was being accreted to face value over its term using the effective interest method. The face value of this debt was $1.05 million at December 31, 2019 and 2018. For the twelve months ended December 31, 2019 and 2018, interest in the amount of $89,911 and $33,284, respectively, was recorded.

Term Extension (July 8, 2019)

On July 8, 2019, Odyssey and the Lenders entered into a Second Amendment to Note and Warrant Purchase Agreement and Note and Warrant Modification Agreement (the "Second Amendment") pursuant to which certain terms and provisions of the Notes and Warrants were amended or otherwise modified. The material terms and provisions that were amended or otherwise modified are as follows:

- the maturity date of the Notes was extended by one year, to July 12, 2020;
- the conversion rate of the Notes and the exercise price of the Warrants were modified to $5.756, which represented the "market price" of Odyssey's common stock as of July 7, 2019, the day before the Second Amendment was signed;
- the Notes are unsecured;
- the Notes are convertible only into shares of Odyssey common stock; and
- the modified Warrants are exercisable at any time until July 8, 2024 to purchase an aggregate of 196,135 shares of our common stock.

We evaluated the amendment's impact on the accounting for the Note in accordance with ASC 470-50-40-6 through 12 to determine whether extinguishment accounting was appropriate. The modification had a cash flow effect on a present value basis of less than 10%. However, the reduction in the conversion price resulted in a change in the fair value of the embedded conversion option that was more than 10% of the carrying value of the Note immediately prior to the modification. Because the amendment resulted in a substantial modification, extinguishment accounting was required, and we recorded a loss on the extinguishment of debt of $290,024. The extinguishment accounting resulted in a fair value reacquisition price of this debt of $1,340,024. The premium of $290,024 is being amortized over the remaining life of the debt. The related amortization for the year ended December 31, 2019 was $129,487. The warrant modification was treated as an inducement to extend the debt therefore the fair value of the warrants of $868,878 was a period expense and charged to interest expense with an offset to equity. The carrying value of this note was $1,210,537 and $74,621, respectively, at December 31, 2019 and 2018. The change in the balance at December 31, 2019 reflects amortization of $845,892 from the BCF recorded in 2018 and the loss on extinguishment of $290,024.

Note 9 – Litigation Financing

On June 14, 2019, Odyssey and Exploraciones Oceánicas S. de R.L. de C.V., our Mexican subsidiary ("ExO" and, together with Odyssey, the "Claimholder"), and Poplar Falls LLC (the "Funder") entered into an International Claims Enforcement Agreement (the "Agreement"), pursuant to which the Funder agreed to provide financial assistance to the Claimholder to facilitate the prosecution and recovery of the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement ("NAFTA") for violations of the Claimholder's rights under NAFTA related to the development of an undersea phosphate deposit off the coast of Baja Sur, Mexico (the "Project"), on our own behalf and on behalf of ExO and United Mexican States (the "Subject Claim"). Pursuant to the Agreement, the Funder agreed to specified fees and expenses regarding the Subject Claim (the "Claims Payments") incrementally and at the Funder's sole discretion. During the year ended December 31, 2019, we incurred debt of $2,957,097 under this financing arrangement. The carrying and face value of this obligation at December 31, 2019 was $2,957,097. For the year ended December 31, 2019, we recorded interest expense of $369,505.

Under the terms of the Agreement, the Funder agreed to make Claims Payments in an aggregate amount not to exceed $6,500,000 (the "Maximum Investment Amount"). The Maximum Investment Amount will be made available to the Claimholder in two phases, as set forth below:

(c) a first phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than $1,500,000 for the payment of antecedent and ongoing costs ("Phase I Investment Amount"); and

(d) a second phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than $5,000,000 for the purposes of pursuing the Subject Claim to a final award ("Phase II Investment Amount").

Upon exhaustion of the Phase I Investment Amount, the Claimholder will have the option to request Tranche A of the Phase II Investment Amount, consisting of funding up to $3.5 million ("Tranche A Committed Amount"). Upon exhaustion of the Tranche A Committed Amount, the Claimholder will have the option to request Tranche B of the Phase II Investment Amount, consisting of funding of up to $1.5 million ("Tranche B Committed Amount"). The Claimholder must exercise its option to receive the Tranche A Committed Amount in writing, no less than thirty days before submitting a Funding Request to the Funder under Tranche A. The Claimholder must exercise its option to receive the Tranche B Committed Amount in writing within forty-five days after the exhaustion of the Tranche A Committed Amount. Pursuant to the Agreement, the Claimholder agreed that, upon exercising the Claimholder's option to receive funds under Phase I, Tranche A of Phase II, or Tranche B of Phase II, the Funder will be the sole source of third-party funding for the specified fees and expenses of the Subject Claim under each respective phase and tranche covered by the option exercised, and the Claimholder will obtain funding for such fees and expenses only as set forth in the Agreement. The Funder was due closing fee of $80,000 for the Phase I Investment Amount, and $80,000 for the Phase II Investment Amount to pay third parties in connection with due diligence and other administrative and transaction costs incurred by the Funder prior to and in furtherance of execution of the Agreement.

Upon the Funder making Claims Payments to the Claimholder or its designees in an aggregate amount equal to the Maximum Investment Amount, the Funder has the option to continue funding the specified fees and expenses in relation to the Subject Claim on the same terms and conditions provided in the Agreement. The Funder must exercise its option to continue funding in writing, within thirty days after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount. If the Funder exercises its option to continue funding, the parties agreed to attempt in good faith to amend the Agreement to provide the Funder with the right to provide at the Funder's discretion funding in excess of the Maximum Investment Amount, in an amount up to the greatest amount that may then be reasonably expected to be committed for investment in Subject Claim. If the Funder declines to exercise its option, the Claimholder may negotiate and enter into agreements with one or more third parties to provide funding, which shall be subordinate to the Funder's rights under the Agreement.

The Agreement provides that the Claimholder may at any time without the consent of the Funder either settle or refuse to settle the Subject Claim for any amount; provided, however, that if the Claimholder settles the Subject Claim without the Funder's consent, which consent shall not be unreasonably withheld, conditioned, or delayed, the value of the Recovery Percentage (as defined below) will be deemed to be the greater of (a) the Recovery Percentage (under Phase I or Phase II, as applicable), or (b) the total amount of all Claims Payments made in connection with such Subject Claim multiplied by three (3).

If the Claimholder ceases the Subject Claim for any reason other than (a) a full and final arbitral award against the Claimholder or (b) a full and final monetary settlement of the claims, including in particular, for a grant of an environmental permit to the Claimholder allowing it to proceed with the Project (with or without a monetary component), all Claims Payments under Phase I and, if Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount, shall immediately convert to a senior secured liability of the Claimholder. This sum shall incur an annualized internal rate of return (IRR) of 50.0% retroactive to the date each Funding Request was paid by the Funder (under Phase I), or, to the conversion date for the Tranche A Committed Amount and Tranche B Committed Amount of Phase II if the Claimholder has exercised the respective option (collectively, the "Conversion Amount"). Such Conversion Amount and any and all accrued IRR shall be payable in-full by the Claimholder within 24 months of the date of such conversion, after which time any outstanding Conversion Amounts, shall accrue an (IRR) of 100.0%, retroactive to the conversion date (the "Penalty Interest Amount"). The Claimholder will execute such documents and take other actions as necessary to grant the Funder a senior security interest on and over all sums due and owing by the Claimholder in order to secure its obligation to pay the Conversion Amount to the Funder. If the Claimholder ceases the Subject Claim due to the grant of an environmental permit (with or without a monetary component), all Claims Payments under Phase 1 and, if the Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount shall immediately convert to a senior secured liability of the Claimholder and shall incur an annualized an IRR of 50.0% on the Conversion Amount, from the conversion date. Management has estimated it is more likely than not the Subject Claim will result in the issuance of the environmental permit requiring us to record interest under Generally Accepted Accounting Principles. Therefore, we have recorded interest expense of $369,505 for the period ended December 31, 2019. Reliance should not be placed on this estimate in determining the likely outcome of the Subject Claim.

If, at any time after exercising its option to receive funds under either Tranche A or Tranche B of Phase II, the Claimholder wishes to fund the Subject Claim with its own capital ("Self-Funding") (which excludes any Claims Payments made, either directly or indirectly, by any other third party), the Claimholder shall immediately pay to the Funder the Conversion Amount, provided that this requirement shall not apply if, after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount, the Funder does not exercise its option to provide Follow-On Funding.

In the event of any receipt of proceeds resulting from the Subject Claim ("Proceeds"), the Funder shall be entitled to any additional sums above the Conversion Amount to which the Funder is entitled as described below. Should the Claimholder cease the Subject Claim as described above after Self-Funding the Claim, accrued IRR and Penalty Interest shall be calculated and paid to the Funder as set forth above. The Funder's rights to the Recovery Percentage as defined below shall survive any decision by Claimholder to utilize Self-Funding. The parties acknowledge this Agreement constitutes a sale of the right to a portion of the Proceeds (if any) arising from the Subject Claim as set forth in this Agreement. The Claimholder has relinquished its right to the portion of the proceeds, if any, that the Funder would have the right to as described below. This sale of proceeds is being accounted for under the guidance of ASC 470-10-25 *Recognition (Sales of Future Revenues)*

On each Distribution Date, distributions of the Proceeds shall be made to the Claimholder and the Funder in accordance with subparagraph (a) or (b) below (the "Recovery Percentage"), as applicable:

(c) If the Claimholder receives only the Phase I Investment Amount from the Funder, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder, until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phase I;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an IRR of 20% of Claims Payments paid by the Funder under Phase I ("Phase I Compensation"), per annum; and

(iii) thereafter, 100.0% to the Claimholder.

(d) If the Claimholder exercises its options to receive Tranche A or both Tranche A and Tranche B of the Phase II Investment Amount, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phases I and II;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an additional 300.0% of Phase I Investment Amount; plus an additional 300% of the Tranche A Committed Amount (i.e. 300.0% of $3.5 million), less any amounts remaining of the Tranche A Committed Amount that the Funder did not pay as Claims Payments; plus an additional 300.0% of the Tranche B Committed Amount (i.e. 300.0% of $1.5 million), if the Claimholder exercises the Tranche B funding option, less any amounts remaining of the Tranche B Committed Amount that the Funder did not pay as Claims Payments;

(iii) third, for each $10,000 in specified fees and expenses paid by the Funder under Phase I and Phase II and any amounts over each $10,000 of the Tranche A Committed Amount and the Tranche B Committed Amount (if the Claimholder exercises the Tranche B funding option), 0.01% of the total Proceeds from any recoveries after repayment of (i) and (ii) above, to the Funder; and

(iv) thereafter, 100% to the Claimholder.

The Agreement provides that if no Proceeds are ever paid to or received by the Claimholder or its representatives and if the environmental permit is not issued, the Funder shall have no right of recourse or right of action against the Claimholder or its representatives, or any of their respective property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. If (a) Proceeds are paid to or received by the Claimholder or its representatives; (b) such Proceeds are promptly applied and/or distributed by the Claimholder or on behalf of the Claimholder in accordance with the terms of the Agreement; and (c) the amount received by the Funder as a result thereof is not sufficient to pay all of the Recovery Percentage and all of the amounts due to the Funder under the Agreement, then (provided that all of the Proceeds which the Funder will ever be entitled to have been paid to or received by the Funder), the Funder shall have no right of recourse or action against the Claimholder or its Representatives, or any of their property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. Pursuant to the Agreement, the Claimholder acknowledged the Funder's priority right, title, and interest in any Proceeds, including against any available collateral to secure its obligations under the Agreement, which security interest shall be first in priority as against all other security interests in the Proceeds. The Claimholder also acknowledged and agreed to execute and authorize the filing of a financing statement or similar and to take such other actions in such jurisdictions as the Funder, in its sole discretion, deems necessary and appropriate to perfect such security interest. The Agreement also includes representations and warranties, covenants, conditions, termination and indemnification provisions, and other provisions customary for comparable arrangements.

Amendment (January 31, 2020)

On January 31, 2020, Odyssey and the Lender entered into an Amended and Restated International Claims Enforcement Agreement (the "Restated Agreement"). The material terms and provisions that were amended or otherwise modified are as follows:

- The Lender has agreed to lend Odyssey up to $2.2 million in Arbitration Support Funds for the purpose of paying the Claimholder's litigation support costs in connection with Subject Claim;
- A closing fee of $200,000 has been retained by the Lender in connection with due diligence and other transaction costs incurred by the Lender;
- A warrant was issued to purchase our common stock which is exercisable for a period of five years beginning on the earlier of (a) the date on which the Claimholder ceases the Subject Claim for any reason other than a full and final arbitral award against the Claimholder or a full and final monetary settlement of the claims or (b) the date on which Proceeds are received and deposited into escrow. The exercise price per share is $3.99, and the Funder can exercise the warrant to purchase the number of share of our common stock equal to the dollar amount of Arbitration Support Funds provided to us pursuant to the Restated Agreement divided by the exercise price per share (subject to customary adjustments and limitations); and
- All other terms in the Restated Agreement are substantially the same as in the original Agreement

We are currently evaluating this arrangement for the appropriate accounting treatment.

Note 10 – 37North

On December 6, 2019, we entered into a Note Purchase Agreement (the "Purchase Agreement") with 37North Capital SPV 11, LLC (the "Investor") pursuant to which the Investor agreed to lend, in one or more transactions (each, a "Loan"), up to an aggregate of $2.0 million to us, subject to the terms and conditions of the Purchase Agreement. On December 10, 2019, the Investor made a loan to us in the amount of $539,000 pursuant to the Purchase Agreement. Each Loan made under the Purchase Agreement is or will be evidenced by a separate convertible promissory note (each, a "Note"). Unless otherwise converted as described below, the entire outstanding amount of all Loans will be due and payable on June 6, 2020 (the "Maturity Date"). The issuance and sale of any additional Notes is subject to the mutual agreement of Odyssey and the Investor and may occur in one or more subsequent closings to occur on or before January 5, 2019. On January 9, 2020, the outside date of January 5, 2020 was extended to 60 days from the original close date of December 6, 2019.

At any time and from time to time until the three-month anniversary of the Maturity Date, all or any portion of the outstanding amount of each Note may, at the Investor's election, be converted into shares of our common stock, par value $0.0001 per share ("Conversion Shares"). The number of Conversion Shares to be issued upon any conversion shall be equal to the quotient obtained by dividing the Applicable Conversion Amount (as defined below) by the Applicable Conversion Rate (as defined below). As defined in the Purchase Agreement, the "Applicable Conversion Amount" means, on the date of determination and with respect to each Note, (a) for the period beginning on the date of issuance and ending on the day immediately preceding the Maturity Date, an amount equal to 100.0% of the amount of the Loan evidenced by such Note then outstanding; (b) on the Maturity Date, 136.0% of the amount of the Loan evidenced by such Note then outstanding (such amount, the "Enhanced Conversion Amount"); (c) for the period beginning on the day immediately following the Maturity Date and for a period of three months thereafter (such three-month period, the "Accrual Period"), an amount equal to (i) the Enhanced Conversion Amount then outstanding plus (ii) an additional amount equal to 3.0% per month (prorated for any period of less than a full month) accrued on the amount described in clause (i); and (d) on any date after the Accrual Period, the amount then outstanding after giving effect to the accrual described in clause (c) during the Accrual Period (it being understood that no additional amount shall accrue after the expiration of the Accrual Period); and "Applicable Conversion Rate" means (x) with respect to any conversion on or prior to the Maturity Date, $5.00, and (y) with respect to any conversion after the Maturity Date, the lower of (i) $5.00 and (ii) 80.0% of the ten-day volume-weighted average price of Odyssey's common stock. Notwithstanding anything in the Purchase Agreement to the contrary, we are prohibited from issuing any Conversion Shares, to the extent such shares, after giving effect to such issuance after conversion and when added to the number of Conversion Shares previously issued upon conversion of any of the Notes sold pursuant to the Purchase Agreement, would represent in excess of 19.9% of (A) the number of shares of our common stock outstanding immediately after giving effect to such issuances or (B) the total voting power of our securities outstanding immediately after giving effect to such issuances that are entitled to vote on a matter being voted on by holders of our common stock.

If, at any time prior to the Maturity Date, (a) we receive cash proceeds (the "Shipwreck Proceeds") arising out of our salvage agreement relating to cargo recovered from a specified shipwreck, and (ii) the amount of the Shipwreck Proceeds equals at least 155.0% of the then-unpaid amount of all Loans, then we must repay in full the indebtedness outstanding under all the Notes by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans. In addition, at any time prior to the Maturity Date, we may repay all (but not less than all) of the then-unpaid amount of all Loans by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans; provided, that we must provide the Investor at least ten days' notice of our intention to repay the indebtedness.

The Purchase Agreement and the Note issued by Odyssey on December 10, 2019, include representations and warranties and other covenants, conditions, and other provisions customary for comparable transactions.

We evaluated the Note in accordance with ASC Topic 815, Derivatives and Hedging, and determined that it contained certain embedded derivatives whose economic risks and characteristics were not clearly and closely related to the risks of the host contract. The material embedded derivative features consisted of the embedded conversion option and contingent redemption provisions. The Company elected to initially and subsequently measure the note in its entirety at fair value, with changes in fair value recognized in earnings. FASB ASC 825-10-25 allows us to elect the fair value option for recording financial instruments when they are initially recognized or if there is an event that requires re-measurement of the instruments at fair value, such as a significant modification of the debt.

Because this Note is carried in its' entirety at fair value, the value of the compound embedded conversion feature is embodied in that fair value. The Company estimates the fair value of the hybrid instrument based on a probability weighted analysis which considers the present value of the cash flows using a credit risk adjusted rate enhanced by the redemption feature and the value of the conversion option valued using a Monte Carlo model. This method was considered by management to be'

the most appropriate method of encompassing the credit risk and exercise behavior that a market participant would consider when valuing the hybrid financial instrument. Inputs used to value the hybrid instrument at inception included, (i) present value of future cash flows using a credit risk adjusted rate of 18%, (ii) remaining term of approximately 8 months, (iii) volatility of 58%, (iv) closing stock price on the valuation date, and (v) the conversion price based on the lesser of $5.00 or 80% of the 10 day VWAP. Changes due to instrument-specific credit risk are recorded in Other Comprehensive Income with all other changes in value being recorded in net income.

At inception, the fair value of the Note using the fair value option was $869,783. Since the fair value of the hybrid instrument was in excess of the proceeds received of $539,000, we recorded a day one loss on derivative liabilities of $330,783. On December 31, 2019, the hybrid instrument was revalued at $861,484 resulting in a gain of $8,299.

Long-Term Obligation Maturities:

We have two obligations that span greater than twelve months. For our lease obligations, see Lease commitment in NOTE O – Commitments and Contingencies for further information on our operating lease obligations. See NOTE H – LOANS PAYABLE, Note 9 – Litigation Financing for further detail regarding the repayment and maturity on the December 31, 2019 debt balance of $2,957,097.

NOTE I – ACCRUED EXPENSES

Accrued expenses consist of the following:

	2019	2018
Compensation and incentives	$ 2,821,349	$2,567,732
Professional services	422,130	400,367
Deposit	450,000	—
Interest	9,494,391	6,508,621
Accrued insurance obligations	221,504	309,826
Other operating	13,341	18,000
Total accrued expenses	$13,422,715	$9,804,546

Professional fees are mainly attributable to legal fees and related and other professional services in support of operations, (See NOTE J). Compensation and incentives includes $2.6 million accrued incentive awards for the company employees for 2018 and prior and $0.2 million additional for 2019. The Board of Directors will only approve incentives to be paid when and if there is sufficient excess cash above and beyond normal operating requirements. Other operating expenses contain general items due resulting from general operations. Accrued interest is due to several lenders per debt agreements described in NOTE H. During the quarter ended September 30, 2019, we received an earnest money deposit of $450,000 from a company controlled by Greg Stemm, our past Chairman of the Board (see NOTE J for further information). The earnest money deposit relates to a draft agreement related to potential sale of a stake of our equity in CIC. This transaction has not yet been consummated. Accrued insurance obligations for the years ended December 31, 2019 and 2018 primarily consisted of directors and officers insurance obligations.

NOTE J – RELATED PARTY TRANSACTIONS

During 2018 we entered into a services agreement with and continue to provide services to a deep-sea mineral exploration company, CIC, which was organized and is majority owned and controlled by Greg Stemm, the past Chairman of the Board for Odyssey. Mr. Stemm's involvement with this company was disclosed to, and approved by, the Odyssey Board of Directors and legal counsel pursuant to the terms of his consulting agreement. We are providing these services pursuant to a Master Services Agreement that provides for back office services in exchange for a recurring monthly fee as well as other mineral related services on a cost-plus profit basis and will be compensated for these services with a combination of cash and equity in CIC. For the 2019 year to date, we invoiced CIC a total of $911,838, which was for back office technical and support services. Included in this amount is $747,333 which shall be deemed as consideration for equity units in CIC. We have the option to accept equity in lieu of the remaining amounts expected to be paid in cash. See NOTE C for related accounts receivable at December 31, 2019 and NOTE G for our investment in an unconsolidated entity.

Included in 2018 accrued Professional fees (see NOTE I) are $230,500 of fees earned by Greg Stemm, former chief executive office and now former chairman of the board, in accordance to his consulting service agreement executed in 2015. These fees are to be paid out monthly until mid-2021. Mr. Stemm had an additional $80,509 of fees due in accounts payable at December 31, 2018. These fees are be remitted at a mutually agreeable time in the future on a monthly basis. Mr. Stemm's fees as of December 31, 2019 totaling $258,009 are included in accounts payable.

During the quarter ended September 30, 2019, we received an earnest money deposit of $450,000 from a company controlled by Greg Stemm, our past Chairman of the Board. The earnest money deposit relates to a draft agreement related to potential sale of a stake of our equity in CIC. As of this report date, this transaction has not yet been consummated. The deposit is included in accrued expenses (NOTE I) in our statement of consolidated balance sheets.

During September 2019, we entered into an arrangement with a company controlled by one of our directors relating to its possible participation in a pending financing arrangement. Upon entering the arrangement, we received an earnest deposit of $150,000. If the company's participation was not required, the arrangement called for the return of the $150,000 deposit plus a 10% break-up-fee. The company's participation was not required. $145,000 remained payable to the director at December 31, 2019 and is included in accounts payable and other in our statement of consolidated balance sheets. This amount was paid in full subsequent to December 31, 2019.

The above terms and amounts are not necessarily indicative of the terms and amounts that would have been incurred had comparable transactions been entered into with independent parties.

NOTE K – 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, 2019	December 31, 2018
"*Cambridge*" project	$ —	$ 825,000
"*Seattle*" project	62,500	62,500
Galt Resources, LLC (HMS *Victory*)	3,756,250	3,756,250
Total revenue participation rights	$ 3,818,750	$ 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. Due to external factors beyond the control of either party, the "Cambridge" project was unilaterally cancelled by the British Government during the quarter ended March 31, 2019. The corresponding amount was recorded to Other income in our consolidated statements of operations in the same period.

Each $50,000 convertible "*Cambridge"* RPC entitled 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 were 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 L – STOCKHOLDERS' EQUITY/(DEFICIT)

Common Stock

On October 31, 2018, we sold in the aggregate 700,000 shares of our common stock and warrants to purchase up to 700,000 shares of our common stock. The common stock and warrants were sold in units, with each unit consisting of one share of common stock and a warrant to purchase one shares of common stock. The purchase price for each unit is $7.155. The warrants have an exercise price of $7.155 per share of common stock and are exercisable in accordance with their terms at any time on or before the close of business on November 2, 2023.

On July 9, 2019, we acquired a 79.9% interest in Bismarck Mining Corporation (PNG) Limited ("Bismarck"), a Papua New Guinea company (see NOTE F). The consideration we paid to the seller for Bismarck was 249,584 shares of our common stock.

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 three 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 will 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 stockholders 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.

On March 26, 2019, our Board of Directors adopted and approved the 2019 Stock Incentive Plan (the "2019 Plan"), which was approved by our stockholders on June 3, 2019. The 2019 Plan expires on June 3, 2029. The 2019 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights. The 2019 Plan is capitalized with 800,000 shares that may be granted. No awards were made from the Plan prior to the effective date. The 2019 Plan includes the following features: no "evergreen" share reserve, prohibits liberal share recycling, no repricing permitted without stockholder approval, no stock option reload features, no transfers of awards for value and dividends and dividends equivalent shall accrue and be paid only if and to the extent the common stock underlying the award become vested or payable. Subsequent to December 31, 2019, the Company issued 64,440 shares to its independent directors for full settlement of their 2019 compensation. The Company also awarded key plan participants 301,686 restricted stock units related to long term incentive compensation that are to vest over a three-year service period.

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, 2019, 2018 and 2017 was $756,596, $415,615 and $833,985, respectively. The 2019 amount includes $675,000 of equity-based compensation issued from a subsidiary for director fees.

We did not grant stock options to employees or outside directors in 2019, 2018 or 2017. If options were granted, their values would be 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 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.

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

	Number of Shares	Weighted Average Exercise Price
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
Granted	—	$ —
Exercised	—	$ —
Cancelled	(9,166)	$ 36.52
Outstanding at December 31, 2018	238,651	$ 15.95
Granted	—	$ —
Exercised	—	$ —
Cancelled	—	$ —
Outstanding at December 31, 2019	238,651	$ 15.95
Options exercisable at December 31, 2017	247,817	$ 16.76
Options exercisable at December 31, 2018	238,651	$ 15.95
Options exercisable at December 31, 2019	238,651	$ 15.95

The aggregate intrinsic values of options exercisable for the fiscal years ended December 31, 2019, 2018 and 2017 were $15,564, $15,564 and $0, respectively. The aggregate intrinsic values of options outstanding for the fiscal years ended December 31, 2019, 2018 and 2017 were $15,564, $15,564 and $0, respectively. The aggregate intrinsic values of options exercised during the fiscal years ended December 31, 2019, 2018 and 2017 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, 2019, 2018 and 2017 was $0, $231,952 and $828,497, respectively.

As of December 31, 2019, there was no remaining amount of unrecognized compensation cost related to unvested share-based compensation awards granted to employees related to granted stock options.

The following table summarizes information about stock options outstanding at December 31, 2019:

Stock Options Outstanding

Range of Exercise Prices	Number of Shares Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$26.40 - $26.40	75,158	4.00	$ 26.40
$12.48 - $12.84	141,000	5.00	$ 12.48
$2.02 - $3.59	22,493	6.65	$ 2.74
	238,651	4.84	$ 15.95

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, 2019 and changes during the year ended December 31, 2019 is presented as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2018	41,667	$ 11.04
Granted	—	$ —
Vested	—	$ —
Cancelled	—	$ —
Unvested at December 31, 2019	41,667	$ 11.04

The fair value of restricted stock awards vested during the years ended December 31, 2019, 2018 and 2017 was $0, $323,614 and $408,466, respectively. The fair value of unvested restricted stock awards remaining at the periods ended December 31, 2019, 2018 and 2017 is $132,917, $460,000 and $500,754, respectively. The weighted-average grant date fair value of restricted stock awards granted during the periods ended December 31, 2019, 2018 and 2017 were $0, $0 and $0, respectively. The weighted-average remaining contractual term of these restricted stock awards at the periods ended December 31, 2019, 2018 and 2017 are 0.8, 0.8 and 1.0 years, respectively. As of December 31, 2019, there was a total of $13,800 unrecognized compensation cost related to unvested restricted stock awards.

The following table summarizes our common stock warrants outstanding at December 31, 2019:

Common Stock Warrants	Exercise Price	Termination Date
120,000	$ 3.52	10/01/2021
196,135	$ 5.76	07/08/2024
700,000	7.16	11/02/2023
1,016,135		

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 August 31, 2019 was $1.00. Oceanica does not have a readily available market. There is no active market for Oceanica's securities, and there was no activity that would have materially changed the valuation at December 31, 2019.

The following is an analysis of activity in the CARs balances as of December 31, 2019:

	Number of CARs	
	Key Employee Plan	Nonemployee Director Plan
Unvested at December 31, 2018	385,580	—
Granted	—	—
Vested	(249,879)	—
Cancelled	—	—
Unvested at December 31, 2019	135,701	—

At December 31, 2019, there was no liability or associated compensation cost associated with these CARs. At December 31, 2019, there were 614,299 vested CARs outstanding and there were no excercisable CARs 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, 2019, the Nonemployee Director Plan had 600,000 CARs vested and outstanding.

NOTE M – INCOME TAXES

As of December 31, 2019, the Company had consolidated income tax net operating loss (“NOL”) carryforwards for federal tax purposes of approximately $175 million and net operating loss carryforwards for foreign income tax purposes of approximately $49 million. The federal NOL carryforwards from 2005 forward will expire in various years beginning 2025 and ending through the year 2035. From 2025 through 2027, approximately $43 million of the NOL will expire, and from 2028 through 2037, approximately $116 million of the NOL will expire. The NOL generated in 2018 and 2019 of approximately $15.5 million will be carried forward indefinitely.

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

	December 31, 2019	December 31, 2018	December 31, 2017
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 for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Deferred tax assets:		
Net operating loss and tax credit carryforwards	$ 52,876,144	$ 48,404,432
Capital loss carryforward	5,052	147,552
Accrued expenses	614,467	559,096
Reserve for Dorado accounts receivable	156,538	287,335
Start-up costs	2,595	7,042
Excess of book over tax depreciation	604,287	707,044
Stock option and restricted stock award expense	1,343,100	1,331,067
Investment in unconsolidated entity	1,387,970	1,387,970
Less: valuation allowance	(56,819,522)	(52,684,059)
	$ 170,631	$ 147,479
Deferred tax liability:		
Property and equipment basis	$ 43,155	$ 43,155
Prepaid expenses	127,476	104,324
	$ 170,631	$ 147,479
Net deferred tax asset	$ —	$ —

As reflected above, we have recorded a net deferred tax asset of $0 at December 31, 2019 and 2018. 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, 2019 and 2018.

The change in the valuation allowance is as follows:

December 31, 2019	$56,819,522
December 31, 2018	52,684,059
Change in valuation allowance	$ 4,135,463

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

	December 31, 2019	December 31, 2018	December 31, 2017
Expected (benefit)	$(3,254,942)	$(1,923,757)	$ (3,718,058)
Effects of:			
State income taxes net of federal benefits	(156,858)	(92,707)	(110,667)
Nondeductible expense	262,776	29,670	711,679
Change in valuation allowance	5,170,161	3,765,560	28,258,724
Foreign Rate Differential	(2,021,137)	(1,778,766)	(1,097,681)
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 2016.

NOTE N – MAJOR CUSTOMERS

For the fiscal year ended December 31, 2019, we had two customers that accounted for 91.0% of our total revenue. During the fiscal year ended December 31, 2018, we had two customers that accounted for 97.0% of our total revenue.

NOTE O – 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 K). We are contingently liable to share the future revenue of these projects only if revenue is derived from these specific projects. During January 2019, the United Kingdom's Ministry of Defense finalized the unilateral cancellation of the HMS *Sussex* agreement due to force majeure.

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 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 K for further detail.

Legal Proceedings

The Company may be subject to a variety of other claims and lawsuits 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. ("Oceanica") to two attorneys for their future services. During January 2020, our Board of Directors approved two four-month contracts with two advisory consultants in connection with the litigation of our NAFTA arbitration which would allow them to receive 1.5 million new equity shares each if they proved to be successful in the facilitation of the process. This equity is only issuable upon the Mexican's government approval and issuance of the Environmental Impact Assessment ("EIA") for our Mexican subsidiary. All possible grants of new equity shares were also approved by the Administrators of Oceanica. We also owe consultants contingent success fees of up to $700,000 upon the approval and issuance of the EIA. The EIA has not been approved 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 2020 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.

Our consolidated non-restricted cash balance at December 31, 2019 was $0.2 million which is insufficient to support operations for the following 12 months. We have a working capital deficit at December 31, 2019 of $50.0 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 H 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 $5.3 million at December 31, 2019 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.

Lease commitment

In August 2019, we entered into an operating lease for our corporate office space under a non-cancellable lease through August 2024 with monthly payments ranging from $11,789 to $13,269, not including sales tax. The lease provides for annual increases of base rent of 3% until the expiration date. Pursuant to ASC 842, an operating lease right of usage (ROU) asset and liability were recognized in the amount of $590,612 at inception of the lease based on the present value of lease payments over the remaining lease term. The ROU asset represents the Company's right to use the underlying office space asset for the lease term, and the lease liability represents the Company's obligation to make lease payments arising from the lease. Since the implicit rate of interest in the arrangement was not readily determinable, we utilized our incremental borrowing rate of 10% in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The Company recognized approximately $67,425 in lease expense as of December 31, 2019 since the inception of this lease.

At December 31, 2019 the ROU asset and lease obligation were, $546,964 and $550,609, respectively.

The remaining lease payment obligations are as follows:

Year ending December 31,	Annual payment obligation
2020	143,241
2021	147,539
2022	151,965
2023	156,524
2024	92,884
	$ 692,153

During the third quarter of 2019, we entered into a five-year lease at the location of our corporate office space in Tampa, Florida to support our marine operations. The lease was effective October 1, 2019 and has monthly lease payments ranging from $4,040 to $4,547, not including sales tax, over the five-year term. We are accounting for this lease under ASC 842 which resulted in a right of use asset and lease obligation of $202,424. The discount used in determining the right of use asset was 10%.

At December 31, 2019 the ROU asset and lease obligation were, $192,839 and $193,589, respectively.

The remaining lease payment obligations are as follows:

Year ending December 31,	Annual payment obligation
2020	48,852
2021	50,317
2022	51,827
2023	53,382
2024	40,930
	$ 245,308

NOTE P – QUARTERLY FINANCIAL DATA – UNAUDITED

The following tables present certain unaudited consolidated quarterly financial information for each of the past eight quarters ended December 31, 2019 and 2018. 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, 2019 Quarter Ending			
	March 31	June 30	September 30	December 31
Revenue - net	$ 794,927	$ 774,436	$ 762,175	$ 741,449
Gross profit	794,927	774,436	762,175	741,449
Net income (loss)	(1,167,886)	(2,774,282)	(4,229,833)	(2,267,960)
Basic and diluted net income per share	$ (0.13)	$ (0.30)	$ (0.45)	$ (0.24)

	Fiscal Year Ended December 31, 2018 Quarter Ending			
	March 31	June 30	September 30	December 31
Revenue - net	$ 511,735	$1,073,479	$ 886,327	$ 804,212
Gross profit	511,735	1,073,479	886,327	804,212
Net income (loss)	(1,744,762)	(641,557)	(1,309,275)	(1,476,842)
Basic and diluted net income per share	$ (0.21)	$ (0.08)	$ (0.15)	$ (0.16)

NOTE Q – OTHER DEBT

We currently owe a vendor approximately $0.7 million as a trade payable. This trade payable bears a simple annual interest rate of 12%. As collateral, they were granted a primary lien on certain items of our marine equipment. The carrying value of this equipment is zero. This agreement matured in August of 2018. During the three-months ended June 30, 2018, we sold various marine equipment to Magellan for $1.0 million and the assumption of this vendor's trade payable and accrued interest, however, we remain as guarantor on this trade payable. We recorded a gain of approximately $0.9 million from the cash proceeds alone. Included in this equipment is the equipment noted above the vendor has a primary lien on. The vendor has consented to Magellan's assumption of this debt but did not release us from our obligations. If Magellan defaults and the vendor forecloses on this equipment currently in possession of Magellan we then have a contingent liability to Magellan in the amount of $0.5 million for two of the key assets.

SCHEDULE II – VALUATION and QUALIFYING ACCOUNTS

For the Fiscal Years of 2017, 2018 and 2019

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					
2017	—	—	—	—	—
2018	—	—	—	—	—
2019	—	—	—	—	—
Accounts receivable reserve					
2017	2,345,729	—	—	(2,345,729)	—
2018	—	—	—	—	—
2019	—	—	—	—	—

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 30, 2020 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 **Mark D. Gordon**	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board	March 30, 2020
/s/ John D. Longley **John D. Longley**	President and Chief Operating Officer	March 30, 2020
/s/ JAY A. NUDI **Jay A. Nudi**	Chief Financial Officer (Principal Financial Officer)	March 30, 2020
/s/ John C. Abbott **John C. Abbott**	Director	March 30, 2020
/s/ James S. Pignatelli **James S. Pignatelli**	Director	March 30, 2020
/s/ JON D. SAWYER **Jon D. Sawyer**	Director	March 30, 2020
/s/ Mark B. Justh **Mark B. Justh**	Lead Director	March 30, 2020

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)
4.1	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 8-K filed November 2, 2018)
4.2	Form of Warrant to Purchase Common Stock (filed herewith electronically)
10.1*	2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Report on Form 8-K dated August 3, 2005)
10.2	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)
10.3*	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)
10.4**	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)
10.5**	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)
10.6*	2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K dated January 2, 2015)
10.7	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)
10.8	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)
10.9	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)
10.10	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)
10.11	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)
10.12	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)
10.13	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)
10.14	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)
10.15	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)

10.16	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)
10.17	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)
10.18	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)
10.19	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)
10.20	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)
10.21	Convertible Promissory Note dated April 15, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K dated April 21, 2016)
10.22	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)
10.23	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)
10.24	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)
10.25	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)
10.26	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)
10.27	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)
10.28	Loan and Security Agreement and First Amendment to Loan Agreement dated April 20, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed April 26, 2018)
10.29	Promissory Note dated April 20, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K filed April 26, 2018)
10.30	Amended and Restated Loan and Security Agreement dated April 20, 2018 (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K filed April 26, 2018)
10.31	Amended and Restated Convertible Promissory Note dated April 20, 2018 (incorporated by reference to Exhibit 10.4 to the Company's Report on Form 8-K filed April 26, 2018)
10.32	Note and Warrant Purchase Agreement dated July 12, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed July 18, 2018)
10.33	Form of Secured Convertible Promissory Note (incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K filed July 18, 2018)
10.34	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 10.3 to the Company's Report on Form 8-K filed July 18, 2018)
10.35	First Amendment to Note and Warrant Purchase Agreement dated October 4, 2018 (incorporated by reference to Exhibit 10.4 to the Company's Report on Form 8-K filed October 9, 2018)
10.36	Share Purchase Agreement dated April 9, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Amendment No. 1 to Quarterly Report on Form 10-Q/A filed July 26, 2019)
10.37	Note Purchase Agreement dated December 6, 2019 (filed herewith electronically)
10.38	Form of Convertible Promissory Note (filed herewith electronically)
10.39	Amended and Restated International Claims Enforcement Agreement(filed herewith electronically)
10.40	Form of Convertible Promissory Note (filed herewith electronically)
10.41	Second Amendment to Note and Warrant Purchase Agreement and Note and Warrant Modification Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed August 9, 2019)

21.1	Subsidiaries of the Registrant (filed herewith electronically)
23.1	Consent of Ferlita, Walsh, Gonzalez & Rodriguez, P.A., Independent Accountants (filed herewith electronically)
23.2	Consent of Warren Averett LLC, 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.

Exhibit 4.2

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION OR QUALIFICATION THEREFROM.

ODYSSEY MARINE EXPLORATION, INC.

WARRANT TO PURCHASE COMMON STOCK

No. __

THIS CERTIFIES THAT, for value received, Drumcliffe, LLC, a Maryland limited liability company or its assigns (the "***Holder***"), is entitled during the Exercise Period (defined below) to subscribe for and purchase at the Exercise Price (defined below) from **ODYSSEY MARINE EXPLORATION, INC.**, a Nevada corporation (the "***Company***"), the Exercise Shares (defined below), as set forth below and subject to adjustment as provided herein.

This Warrant is being issued pursuant to that certain Amended and Restated International Claims Enforcement Agreement, dated as of January 31, 2020, by and between the Company, Poplar Falls LLC, a Delaware limited liability company (an Affiliate of the Holder), and Exploraciones Oceánicas S. de R.L. de C.V., a Mexican *sociedad de responsabilidad limitada de capital variable* (the "***Agreement***"). Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Agreement.

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

(a) "***Common Stock***" shall mean the Company's common stock, par value $0.0001 per share.

(b) "***Exercise Period***" shall mean a five-year period commencing on, as applicable, Trigger Date A or Trigger Date B (as both such terms are defined in the Agreement) and ending on the fifth anniversary of, as applicable, Trigger Date A or Trigger Date B, unless sooner terminated as provided in Section 6 below.

(c) "***Exercise Price***" shall mean $3.99.

(d) "***Exercise Shares***" shall mean a number of shares of Common Stock equal to (i) the dollar amount of Arbitration Support Funds provided to the Company pursuant to the Agreement, divided by (ii) the Exercise Price, subject to adjustment pursuant to Section 4 below.

2. EXERCISE OF WARRANT.

2.1 Exercise Procedure. The rights represented by this Warrant may be exercised by the Holder in whole or in part at any time during the Exercise Period, by delivery of the following to the Company:

(a) An executed Notice of Exercise in the form attached hereto;

(b) Payment of the Exercise Price either (i) in cash or (ii) by cancellation of the indebtedness owed to the Funder under the Agreement, specifically, by offsetting the (A) Conversion Amount attributable to the Arbitration Support Funds disbursed to the Company pursuant to the Agreement, (B) Proceeds to which Funder is entitled to under Section 7.4 of the Agreement, or (C) any other amounts owing to Funder under the Agreement, in each case, by the aggregate Exercise Price of the Exercise Shares acquired upon exercise hereof; and

(c) This Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder within ten (10) days after the rights represented by this Warrant shall have been so exercised.

The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

Unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Exercise Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such ten-day period.

2.2 Limitation on Exercise. Notwithstanding anything herein to the contrary, the Company shall not issue any Exercise Shares, to the extent such shares, after giving effect to such issuance after exercise and when added to the number of Exercise Shares previously issued upon exercise of this Warrant, would represent in excess of 19.99% of (A) the number of shares of Common Stock outstanding immediately after giving effect to such issuances or (B) the total voting power of the Company's securities outstanding immediately after giving effect to such issuances that are entitled to vote on a matter being voted on by holders of the Common Stock.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

3.2 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. ADJUSTMENT OF EXERCISE PRICE. In the event of changes in the outstanding Common Stock of the Company by reason of conversion, redemption, stock dividends, split-ups, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations, or the like, the number and class of Exercise Shares and the Exercise Price shall be correspondingly adjusted to give the Holder of the Warrant, on exercise for the same aggregate Exercise Price, the total number, class, and kind of shares as the Holder would have owned had the Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment; *provided*, *however*, that such adjustment shall not be made with respect to, and this Warrant shall terminate if not exercised prior to, the events set forth in Section 7 below. The form of this Warrant need not be changed because of any adjustment in the number or class of Exercise Shares subject to this Warrant.

5. FRACTIONAL SHARES. No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, Holder, in lieu of issuance of any fractional share, shall exercise its right to receive the Conversion Amount in cash, as provided for in the Agreement.

6. EARLY TERMINATION. At any time during the Exercise Period, in the event of the consolidation or merger of the Company with or into another corporation (other than a merger solely to effect a reincorporation of the Company into another state), or the sale or other disposition of all or substantially all the properties and assets of the Company in its entirety to any other person, the Company shall provide to the Holder twenty (20) days advance written notice of such consolidation, merger or sale or other disposition of the Company's assets, and this Warrant shall terminate unless Holder prior to the date of such consolidation, merger or sale or other disposition of the Company's assets delivers a written notice to the Company stating that it elects to exercise this Warrant; provided, however, that such exercise, at Holder's sole discretion, may be made contingent upon the closing of such consolidation, merger or sale or other disposition of the Company's assets.

7. NO SHAREHOLDER RIGHTS. This Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a shareholder of the Company.

8. TRANSFER OF WARRANT. Subject to applicable laws and the restriction on transfer set forth on the first page of this Warrant, this Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Warrant and the form of assignment attached hereto to any transferee designated by Holder. The transferee shall sign an investment letter in form and substance satisfactory to the Company. Notwithstanding the foregoing, this Warrant shall not be assigned and/or transferred by the Holder without the prior approval of the Company's board of directors.

9. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT. If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

10. WAIVER AND AMENDMENT. Any term of this Warrant may not be amended or waived except by a written instrument signed by the Company and the Holder. Any amendment or waiver of the terms of this Warrant effected in accordance with this Section 12 shall be binding upon the Holder, each transferee of this Warrant, and the Company.

11. NOTICES, ETC. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile or electronic mail if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent, if to the Company, to the recipients specified in Schedule 3 of the Agreement, and, if to the Holder, to the Funder recipients specified in Schedule 3 of the Agreement, or at such other address as the Company or Holder may designate by ten (10) days advance written notice to the other parties hereto.

The Company shall provide notice to the Holder as follows:

(a) at least twenty (20) days written notice prior to closing thereof of the terms and conditions of any of the following transactions (to the extent the Company has notice thereof): (i) the sale, lease, exchange, conveyance or other disposition of all or substantially all of the Company's property or business, or (ii) its merger into or consolidation with any other corporation (other than a wholly-owned subsidiary of the Company), or any transaction (including a merger or other reorganization) or series of related transactions, in which more than 50% of the voting power of the Company is disposed of;

(b) at least ten (10) days notice prior to the record date of any cash dividend with respect to or offer to repurchase the Common Stock; and

(c) at least ten (10) days notice prior to any voluntary or involuntary dissolutions, liquidation or winding-up of the Company.

12. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. GOVERNING LAW. This Warrant shall be governed by and construed in accordance with the laws of the State of Florida.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its duly authorized officer as of January 31, 2020.

ODYSSEY MARINE EXPLORATION, INC.

By: _____
Name: Mark D. Gordon
Title: CEO

AGREED TO AND ACCEPTED:

DRUMCLIFFE, LLC

By: _____
Name: James C. Little
Title: Authorized Person

NOTICE OF EXERCISE

TO: ODYSSEY MARINE EXPLORATION, INC.

(1) ☐ The undersigned hereby elects to purchase _____ shares of the Common Stock of **ODYSSEY MARINE EXPLORATION, INC.** (the "***Company***") pursuant to the terms of the attached Warrant, and provides herewith, as applicable, the dollar amount owed to the Company as a result of this exercise or a calculation of the indebtedness in favor of the undersigned cancelled as a result of this exercise, together with all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____

_____
(Address)

_____ _____
(Date) (Signature)

_____
(Print name)

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: _____, 20__

Holder's Signature: _____

Holder's Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

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

CONVERTIBLE PROMISSORY NOTE

No. 19-005 **Date of Issuance**
$539,000 **December 10, 2019**

FOR VALUE RECEIVED, **ODYSSEY MARINE EXPLORATION, INC.**, a Nevada corporation (the "**Company**"), hereby promises to pay to 37North Capital SPV 11, LLC (the "**Lender**"), the principal sum of Five Hundred Thirty-Nine thousand Dollars ($539,000), together with all other amounts due under this Note. Unless earlier converted into Conversion Shares pursuant to Section 2(b) or repaid pursuant to Section 4 of the Note Purchase Agreement, executed December 6, 2019, 2019 (the "**Purchase Agreement**"), between the Company and the Lender, the principal amount outstanding and all other amounts due hereunder shall be due and payable by the Company on demand by the Lender at any time after Maturity Date (as defined in the Purchase Agreement).

This Note was issued pursuant to the Purchase Agreement, and capitalized terms not defined herein shall have the meaning set forth in the Purchase Agreement.

Section 1. Payment. All payments shall be made in lawful money of the United States of America at the address of the holder of this Note reflected in the Company's records or at such other place as the holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to Costs (as defined below), if any, then to accrued interest, if any, due and payable, and any remainder applied to principal. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

Section 2. Conversion of the Note. The Applicable Conversion Amount shall be convertible pursuant to and in accordance with the terms of Section 2(b) of the Purchase Agreement (subject to the limitations set forth in Section 2(b)(iv) of the Purchase Agreement). As promptly as practicable after the conversion of this Note, the Company at its expense shall, upon surrender of this Note, issue and deliver to the holder of this Note a certificate or certificates for the number of full Conversion Shares issuable upon such conversion.

Section 3. Events of Default and Remedies. If an Event of Default (as defined in the Purchase Agreement), the holder of this Note shall be entitled to exercise the remedies set forth in Section 7(b) of the Purchase Agreement.

Section 4. Lost Documents. Upon receipt by the Company of evidence and indemnity satisfactory to it of the loss, theft, destruction or mutilation of, and upon surrender and cancellation of this Note, if mutilated, the Company will make and deliver in lieu of this Note a new note of the same series and of like tenor and unpaid principal amount.

Section 5. Amendments and Waivers; Resolutions of Dispute; Notice. The amendment or waiver of any term of this Note, the resolution of any controversy or claim arising out of or relating to this Note, and the provision of notice shall be conducted pursuant to the terms of the Purchase Agreement.

Section 6. Successors and Assigns. This Note applies to, inures to the benefit of, and binds the successors and assigns of the parties hereto; provided, however, that the Company may not assign its obligations under this Note without the written consent of the Lender. Any transfer of this Note may be effected only pursuant to the Purchase Agreement and by surrender of this Note to the Company and reissuance of a new note to the transferee. The Lender and any subsequent holder of this Note receives this Note subject to the foregoing terms and conditions, and agrees to comply with the foregoing terms and conditions for the benefit of the Company and any other Lenders.

Section 7. Expenses. The Company hereby agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note ("**Costs**") in endeavoring to collect any amounts payable hereunder that are not paid when due, whether by declaration or otherwise. The Company agrees that any delay on the part of the holder in exercising any rights hereunder will not operate as a waiver of such rights. The holder of this Note shall not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the party or parties waiving such rights or remedies.

Section 8. Governing Law. This Note shall be governed by and construed under the laws of the State of Florida as applied to other instruments made by Florida residents to be performed entirely within the State of Florida.

ODYSSEY MARINE EXPLORATION, INC.

By: 

Mark D. Gordon
Chief Executive Officer

[Signature Page to Secured Convertible Promissory Note]

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of November 26, 2019, by and between **ODYSSEY MARINE EXPLORATION, INC.**, a Nevada corporation (the "**Company**"), and 37North Capital SPV 11, LLC (the "**Lender**"). Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in Section 1 below.

Recitals:

A. On the terms and subject to the conditions set forth in this Agreement, the Lender has agreed to loan to the Company, in one or more transactions (each such transaction, a "**Loan**"), up to $2,000,000.

B. Each Loan shall be evidenced by a convertible promissory note issued to the Lender, the form of which is attached hereto as Exhibit A (each, a "**Note**"), in the amount of such Loan.

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties, and covenants set forth below, the parties, intending to be legally bound, hereby agree as follows:

Section 1. Definitions. The following terms shall have the meanings set forth below:

(a) "Applicable Conversion Rate" means (i) with respect to any conversion on or prior to the Maturity Date, $5.00, and (ii) with respect to any conversion after the Maturity Date, the lower of (A) $5.00 and (B) 80.0% of the Ten-Day VWAP.

(b) "Common Stock" means the Company's common stock, par value $0.0001 per share.

(c) "Conversion Shares" means the shares of Common Stock issuable upon conversion of the Notes pursuant to Section 2(b).

(d) "Maturity Date" means the date that is six months after the date of this Agreement.

(e) "Outside Date" means the date that is 30 days after the date of this Agreement.

(f) "Principal Market" means the Nasdaq Capital Market.

(g) "Ten-Day VWAP" means the arithmetic average of the VWAP of the Common Stock for each day in the ten (10) consecutive trading day period ending and including the trading day immediately preceding the day on which the Lender delivers an Election Notice (as defined below) to the Company.

(h) "Transaction Documents" means this Agreement and the Notes.

(i) "VWAP" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded) during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg Financial Markets. If the VWAP cannot be calculated for such security on such date on any of the foregoing basis, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Lender. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

Section 2. Terms of the Notes.

(a) ***Issuance of the Notes.*** In connection with each Loan, the Company shall sell and issue to the Lender a Note in an amount equal to the amount loaned by the Lender to the Company with respect to such Loan. The Loans shall not bear interest, and each Loan shall mature on the Maturity Date. All or any portion of the outstanding amount of each Note shall be convertible pursuant to and in accordance with Section 2(b).

(b) Right to Convert the Notes.

(i) *Option to Convert.* At any time and from time to time until the three-month anniversary of the Maturity Date, all or any portion of the outstanding amount of each Note may, at the Lender's election, be converted into Conversion Shares. The number of Conversion Shares to be issued upon conversion pursuant to this Section 2(b)(i) shall be equal to the quotient obtained by dividing (A) the Applicable Conversion Amount (as defined below), by (B) the Applicable Conversion Rate. If the Lender elects to convert a Note into Conversion Shares pursuant to this Section 2(b)(i), in lieu of any fractional shares to which the Lender would otherwise be entitled, the Company shall pay the Lender cash equal to such fraction multiplied by the Conversion Rate. For purposes of this Agreement, the "**Applicable Conversion Amount**" means, on the date of determination and with respect to each Note, (w) for the period beginning on the date of issuance and ending on the day immediately preceding the Maturity Date, an amount equal to 100.0% of the amount of the Loan evidenced by such Note then outstanding; (x) on the Maturity Date, 136.0% of the amount of the Loan evidenced by such Note then outstanding (such amount, the "**Enhanced Conversion Amount**"); (y) for the period beginning on the day immediately following the Maturity Date and for a period of three months thereafter (such three-month period, the "**Accrual Period**"), an amount equal to (1) the Enhanced Conversion Amount then outstanding plus (2) an additional amount equal to 3.0% per month (prorated for any period of less than a full month) accrued on the amount described in clause (1); and (z) on any date after the Accrual Period, the amount then outstanding after giving effect to the accrual described in clause (y) during the Accrual Period (it being understood that no additional amount shall accrue after the expiration of the Accrual Period).

(ii) Mechanics of Conversion.

(A) If the Lender elects to convert all or any portion of the outstanding amount of any Note in accordance with this Section 2(b), the Lender shall provide the Company with written notice (the "**Exercise Notice**") of its election pursuant to Section 8(e) hereof. The Exercise Notice shall be irrevocable and shall state the outstanding amount the Lender elects to convert.

(B) The Company shall not be required to issue or deliver the Conversion Shares until the Lender has surrendered the Note to the Company. Any conversion pursuant to this Section 2(b) shall be deemed effective as of the date the Exercise Notice is delivered to the Company. As soon as reasonably practicable after the Company's receipt of the Exercise Notice and the Note, the Company will thereafter deliver the Conversion Shares to the Lender. If the Lender elects to convert less than all of the outstanding amount of any Note, the Company shall also deliver to the Lender a replacement Note of like tenor in the amount of the indebtedness that was not so converted. In connection with any conversion pursuant to this Section 2(b), if requested by the Lender, the Company shall, at the Company's expense, cause to be delivered to the Company's transfer agent such legal opinions as the transfer agent may reasonably request for the Conversion Shares issued in connection with such conversion to be (1) issued without restrictive legends or (2) otherwise sold by the Lender under Rule 144.

(iii) *Certain Adjustments.*

(A) If the Company at any time on or after the date of issuance of any Note subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Rate in effect immediately prior to such subdivision will be proportionately reduced. If the Company at any time on or after the date of issuance combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Rate in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 2(b)(iii)(A) shall become effective immediately after the effective date of such subdivision or combination.

(B) If there is a reorganization, or a merger or consolidation of the Company with or into any other entity which results in a conversion, exchange, or cancellation of the Common Stock, upon any subsequent conversion of any Note pursuant to Section 2(b), the holder of such Note will be entitled to receive the kind and amount of securities, cash, and other property or assets which the holder would have received if the holder had converted the Note into Common Stock in accordance with Section 2(b) immediately prior to the first of these events and had retained all the securities, cash, and other property or assets received as a result of those events.

(iv) *Limitation on Number of Shares Issuable.* Notwithstanding anything herein to the contrary, the Company shall not issue any Conversion Shares, to the extent such shares, after giving effect to such issuance after conversion and when added to the number of Conversion Shares previously issued upon conversion of any of the Notes sold pursuant to this Agreement, would represent in excess of 19.9% of (A) the number of shares of Common Stock outstanding immediately after giving effect to such issuances or (B) the total voting power of the Company's securities outstanding immediately after giving effect to such issuances that are entitled to vote on a matter being voted on by holders of the Common Stock.

Section 3. Closing Mechanics.

(a) ***Initial Closing.*** The initial closing (the "**Initial Closing**") of the sale of one or more Notes in return for the initial Loan made by the Lender to the Company shall take place by the exchange of documents among the parties via facsimile or other electronic communication and shall be effective for all purposes as of the date of this Agreement (the "**Initial Closing Date**"). At the Initial Closing, (i) the Lender shall deliver the amount of the initial Loan made to the Company by wire transfer of immediately available funds and (ii) the Company shall deliver to the Lender one or more executed Notes in the aggregate amount of such Loan.

(b) ***Subsequent Closing.*** In one or more subsequent closings (each, a "**Subsequent Closing**"), the Company may sell additional Notes to the Lender, subject to the terms of this Agreement. Any Subsequent Closing shall be held on a date mutually agreeable to the Company and the Lender, provided that such sale shall not take place later than the Outside Date. Any Subsequent Closing shall take place by the exchange of documents among the parties via facsimile or other electronic communication and shall be effective for all purposes as of the date of the Subsequent Closing. At each Subsequent Closing, (i) the Lender shall deliver the amount of the Loan made to the Company by wire transfer of immediately available funds and (ii) the Company shall deliver to the Lender one or more executed Notes in the aggregate amount of the such Loan. Unless otherwise mutually agreed by the Company and the Lender, the amount of the Loan made to the Company at any Subsequent Closing shall not be less than $200,000.

Section 4. Repayment of the Loans.

(a) ***Generally.*** The Company hereby unconditionally promises to pay to the Lender in full in cash, to the extent not previously paid or converted pursuant to Section 2(b), the then-unpaid amount of all Loans on demand by the Lender at any time after the Maturity Date.

(b) ***Mandatory Prepayment.*** If, at any time prior to the Maturity Date, (i) the Company receives cash proceeds (the "**Beatrix Proceeds**") from a resolution of the arbitration proceeding arising out of the Company's salvage agreement relating to cargo from the wreck of the ship codenamed "*Beatrix*," and (ii) the amount of the Beatrix Proceeds equals at least 155.0% of the then-unpaid amount of all Loans, then the Company shall repay in full the indebtedness outstanding under all the Notes by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans.

(c) ***Optional Prepayment.*** At any time prior to the Maturity Date, the Company may repay all (but not less than all) of the then-unpaid amount of all Loans by delivery of an amount equal to 155.0% of the then-unpaid amount of all Loans; *provided*, *however,* that the Company must provide the Lender notice (a "**Prepayment Notice**") of its intention to repay the indebtedness at least ten days' prior to the date of repayment. For the avoidance of doubt, if the Lender delivers an Exercise Notice to the Company within ten days after the Lender's receipt of a Prepayment Notice, the outstanding amount of the Loans shall be converted in accordance with Section 2(b) instead of repaid pursuant to this Section 4(c).

Section 5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Lender that:

(a) ***Organization and Good Standing and Qualification.*** The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to carry on its business as now conducted.

(b) ***Authorization.*** The Company has taken all corporate action necessary for the authorization, execution, and delivery of this Agreement and the Notes. Except as may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, the Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this Agreement and the Notes, the valid and enforceable obligations of the Company.

(c) ***Valid Issuance of Common Stock.*** The shares of Common Stock issuable upon conversion of the Notes, if and when issued, will be duly authorized and validly issued, fully paid, and nonassessable and, based in part upon the representations and warranties of the Lender in this Agreement, will be issued in compliance with all applicable federal and state securities laws.

Section 6. Representations and Warranties of the Lender. The Lender hereby represents and warrants to the Company that:

(a) ***Authorization.*** This Agreement constitutes the Lender's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights and (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies. The Lender represents that it has full power and authority to enter into this Agreement.

(b) ***Purchase Entirely for Own Account.*** The Lender acknowledges that this Agreement is made with the Lender in reliance upon the Lender's representation to the Company that the Notes and shares of Common Stock issuable upon conversion of the Notes (collectively, the "**Securities**") will be acquired for investment for the Lender's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Lender has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Lender further represents that the Lender does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Securities.

(c) ***Disclosure of Information.*** The Lender acknowledges that it has received all the information it considers necessary or appropriate for deciding whether to acquire the Securities. The Lender further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities.

(d) ***Investment Experience.*** The Lender is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities.

(e) ***Accredited Investor.*** The Lender is an "accredited investor" within the meaning of Rule 501 of Regulation D of the Securities and Exchange Commission (the "**SEC**"), as presently in effect.

(f) ***Restricted Securities.*** The Lender understands that the Securities are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Act only in certain limited circumstances. Each Lender represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

(g) ***Legends.*** It is understood that the Securities may bear the following legend:

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

Section 7. Defaults and Remedies.

(a) ***Events of Default.*** The following events shall be considered Events of Default with respect to each Note:

(i) the Company shall default in the payment of any amount outstanding on the Notes for more than thirty (30) days after demand by the Lender given at any time on or after the Maturity Date;

(ii) the Company shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition for bankruptcy, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting the material allegations of a petition filed against the Company in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Company, or of all or any substantial part of the properties of the Company, or the Company or its respective directors or majority stockholders shall take any action looking to the dissolution or liquidation of the Company;

(iii) within thirty (30) days after the commencement of any proceeding against the Company seeking any bankruptcy reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or within thirty (30) days after the appointment without the consent or acquiescence of the Company of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company, such appointment shall not have been vacated; or

(iv) the Company shall fail to observe or perform any other material obligation to be observed or performed by it under this Agreement or the Notes within 30 days after written notice from the holder to perform or observe the obligation.

(b) ***Remedies.*** Upon the occurrence of an Event of Default under Section 7(a) hereof, the Lender may exercise any and all remedies provided by law or in equity.

Section 8. Miscellaneous.

(a) ***Certain Rules of Construction.*** Any term defined herein in the singular form shall have a comparable meaning when used in the plural form, and vice versa. When used herein, (i) the words "hereof," "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement and (ii) the terms "include," "includes," and "including" are not limiting. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. Unless the context requires otherwise, derivative forms of any term defined herein shall have a comparable meaning to that of such term. The headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect any provision of this Agreement. References to the Sections, Schedules or Exhibits shall refer respectively to the sections, schedules or exhibits of this Agreement, unless otherwise expressly provided.

(b) ***Successors and Assigns.*** Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties, *provided, however,* that the Company may not assign its obligations under this Agreement without the written consent of the Lender. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(c) ***Governing Law.*** This Agreement and the Notes shall be governed by and construed under the laws of the State of Florida.

(d) ***Expenses.*** Each of the parties shall bear and pay all costs and expenses incurred by it in connection with the transactions contemplated by this Agreement.

(e) ***Notices.*** All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not so confirmed, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the following addresses (or at such other addresses as shall be specified by notice given in accordance with this Section 8(e)):

If to the Company: Odyssey Marine Exploration, Inc.
5215 W. Laurel Street
Suite 200
Tampa, Florida 33607
Attention: Chief Executive Officer

If to the Lender: 37North Capital SPV 11, LLC
71 Liberty Ship Way
Sausalito, CA 94965
Attention: Russell Stanley

(f) ***Entire Agreement; Amendments and Waivers.*** This Agreement, the Notes, and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. Any term of this Agreement or the Notes may be amended and the observance of any term of this Agreement or the Notes may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Lender. Any waiver or amendment effected in accordance with this Section 8(f) shall be binding upon each party to this Agreement and any holder of any Note purchased under this Agreement at the time outstanding and each future holder of all such Notes.

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

(h) ***Acknowledgement.*** In order to avoid doubt, it is acknowledged that the Lender shall be entitled to the benefit of all adjustments in the number of shares of Common Stock of the Company as a result of any splits, recapitalizations, combinations or other similar transaction affecting the Common Stock issuable upon conversion of the Notes that occur prior to the conversion of the Notes.

(i) ***Counterparts; Facsimile Signatures.*** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.

[Signature page follows.]

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

ODYSSEY MARINE EXPLORATION, INC.

By: mark gordon (Nov 26, 2019)
Mark D. Gordon
Chief Executive Officer

37North Capital SPV 11, LLC

By: Russell Stanley (Dec 6, 2019)
Russell Stanley
Managing Partner

Exhibit A

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

CONVERTIBLE PROMISSORY NOTE

No. 19-00[•] **Date of Issuance**
$[•] **[•], 2019**

FOR VALUE RECEIVED, **ODYSSEY MARINE EXPLORATION, INC**., a Nevada corporation (the "**Company**"), hereby promises to pay to 37North Capital SPV 11, LLC (the "**Lender**"), the principal sum of [ ] Dollars ($[ ]), together with all other amounts due under this Note. Unless earlier converted into Conversion Shares pursuant to Section 2(b) or repaid pursuant to Section 4 of the Note Purchase Agreement, dated November [•], 2019 (the "**Purchase Agreement**"), between the Company and the Lender, the principal amount outstanding and all other amounts due hereunder shall be due and payable by the Company on demand by the Lender at any time after Maturity Date (as defined in the Purchase Agreement).

This Note was issued pursuant to the Purchase Agreement, and capitalized terms not defined herein shall have the meaning set forth in the Purchase Agreement.

Section 1. Payment. All payments shall be made in lawful money of the United States of America at the address of the holder of this Note reflected in the Company's records or at such other place as the holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to Costs (as defined below), if any, then to accrued interest, if any, due and payable, and any remainder applied to principal. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

Section 2. Conversion of the Note. The Applicable Conversion Amount shall be convertible pursuant to and in accordance with the terms of Section 2(b) of the Purchase Agreement (subject to the limitations set forth in Section 2(b)(iv) of the Purchase Agreement). As promptly as practicable after the conversion of this Note, the Company at its expense shall, upon surrender of this Note, issue and deliver to the holder of this Note a certificate or certificates for the number of full Conversion Shares issuable upon such conversion.

Section 3. Events of Default and Remedies. If an Event of Default (as defined in the Purchase Agreement), the holder of this Note shall be entitled to exercise the remedies set forth in Section 7(b) of the Purchase Agreement.

Section 4. Lost Documents. Upon receipt by the Company of evidence and indemnity satisfactory to it of the loss, theft, destruction or mutilation of, and upon surrender and cancellation of this Note, if mutilated, the Company will make and deliver in lieu of this Note a new note of the same series and of like tenor and unpaid principal amount.

Section 5. Amendments and Waivers; Resolutions of Dispute; Notice. The amendment or waiver of any term of this Note, the resolution of any controversy or claim arising out of or relating to this Note, and the provision of notice shall be conducted pursuant to the terms of the Purchase Agreement.

Section 6. Successors and Assigns. This Note applies to, inures to the benefit of, and binds the successors and assigns of the parties hereto; provided, however, that the Company may not assign its obligations under this Note without the written consent of the Lender. Any transfer of this Note may be effected only pursuant to the Purchase Agreement and by surrender of this Note to the Company and reissuance of a new note to the transferee. The Lender and any subsequent holder of this Note receives this Note subject to the foregoing terms and conditions, and agrees to comply with the foregoing terms and conditions for the benefit of the Company and any other Lenders.

Section 7. Expenses. The Company hereby agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note ("**Costs**") in endeavoring to collect any amounts payable hereunder that are not paid when due, whether by declaration or otherwise. The Company agrees that any delay on the part of the holder in exercising any rights hereunder will not operate as a waiver of such rights. The holder of this Note shall not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the party or parties waiving such rights or remedies.

Section 8. Governing Law. This Note shall be governed by and construed under the laws of the State of Florida as applied to other instruments made by Florida residents to be performed entirely within the State of Florida.

ODYSSEY MARINE EXPLORATION, INC.

By: _____
Mark D. Gordon
Chief Executive Officer

Odyssey – 37 North NPA Execution Copy

Final Audit Report 2019-12-06

Created:	2019-11-26
By:	Laura Barton (laura@odysseymarine.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAtKVSSm1cUn1p_6DAVU4OU1x1P0nCoDPw

"Odyssey – 37 North NPA Execution Copy" History

Document created by Laura Barton (laura@odysseymarine.com)
2019-11-26 - 5:11:55 PM GMT- IP address: 204.148.69.38

Document emailed to mark gordon (mark@odysseymarine.com) for signature
2019-11-26 - 5:12:51 PM GMT

Document emailed to Russell Stanley (russell@37northcapital.com) for signature
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AMENDED AND RESTATED
INTERNATIONAL CLAIMS ENFORCEMENT AGREEMENT

This Amended and Restated International Claims Enforcement Agreement (this "**Agreement**"), effective as of January 31, 2020 (the "**Restated Effective Date**"), is made by and between Poplar Falls LLC, a Delaware limited liability company (the "**Funder**"), on the one hand, and Odyssey Marine Exploration, Inc., a Nevada corporation ("**Odyssey**"), and Exploraciones Oceánicas S. de R.L. de C.V., a Mexican *sociedad de responsabilidad limitada de capital variable* ("**ExO**" and, collectively with Odyssey, the "**Claimholder**"), on the other hand. The Funder and the Claimholder may be referred to in this Agreement collectively as the "**Parties**" or each individually as a "**Party**."

WHEREAS, the Funder is a company that provides funds to claimholders seeking financial assistance to pursue various litigation, arbitration, fraud, and asset recovery claims and related rights;

WHEREAS, the Claimholder will pursue the Subject Claim (as defined below) directly;

WHEREAS, the Claimholder is a sophisticated and experienced Person and wishes to enter this Agreement because this Agreement is reasonable, necessary and beneficial to the Claimholder, carries substantial commercial and other value, and the Claimholder has concluded that entry into this Agreement is in its best interests; and

WHEREAS, the Parties entered into an International Claims Enforcement Agreement (as amended by that certain International Claims Enforcement Agreement First Addendum, effective September 19, 2019, the "**Prior Agreement**") dated June 14, 2019 (the **Initial Effective Date**") pursuant to which, among other things, the Funder agreed to provide and has provided financial assistance to the Claimholder to facilitate the prosecution and recovery of the Subject Claim, in exchange for a certain portion of any Proceeds (as defined below), subject to the terms and conditions of the Prior Agreement.

WHEREAS, the Parties now desire to amend and restate the Prior Agreement as set forth herein, effective upon the Restated Effective Date, to, among other things, increase the available funding provided by the Funder to the Claimholder.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Defined Terms; References.

1.1 In this Agreement capitalized terms have the meanings in Schedule 1, unless the context otherwise requires or the capitalized term is defined elsewhere in this Agreement.

1.2 References to the Parties include their assignees, transferees and successors-in-title.

1.3 Headings in this Agreement are for information only and do not form part of the operative provisions of this Agreement.

1.4 References to Recitals, Clauses and Schedules are to recitals to, clauses of, and schedules to this Agreement. References to this Agreement shall, unless otherwise expressly stated, include references to the Recitals and the Schedules of this Agreement.

1.5 Except where the context otherwise requires: (i) words denoting the singular include the plural and vice versa; (ii) words denoting any gender include all genders; (iii) "include" and "including" mean "including without limitation"; and (iv) "or" is inclusive, not exclusive, so "X or Y" means "X or Y or both" and "A, B, or C" means one or more of A, B and C.

1.6 References in this Agreement to any agreement, deed or document shall be deemed to include references to such agreement, deed or document as varied, amended, modified, novated, supplemented or replaced by any other documents, deeds, instruments or agreements from time to time whether as part of an insolvency or bankruptcy proceedings or otherwise.

2. The Subject Claim. The Claimholder holds all rights, title and interest in and to the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement ("**NAFTA**") for violations of the Claimholder's rights under NAFTA related to the development of an undersea phosphate deposit off the coast of Baja Sur, Mexico (the "**Project**"), *Odyssey Marine Exploration, Inc. on its own behalf and on behalf of Exploraciones Oceánicas S. de R.L. de C.V. and United Mexican States* (the "**Subject Claim**").

3. Right to Proceeds in the Subject Claim. Subject to the terms and conditions of this Agreement, the Claimholder desires to obtain certain funds to facilitate its pursuit of the Subject Claim, and the Funder agrees to make certain Claims Payments (as defined below) to fund the pursuit of the Subject Claim in exchange for a certain portion of the Proceeds (as defined below) from the Subject Claim pursuant to Section 7 of this Agreement.

4. Non-Recourse; Characterization of Transaction.

4.1 Non-Recourse. In the event that no Proceeds are ever paid to or received by the Claimholder or its Representatives, the Funder shall have no right of recourse or right of action against the Claimholder or its Representatives, or any of their respective property, assets, or undertaking, except as provided in Sections 7.1 and 12.4(a)(i) of this Agreement. If (i) Proceeds are paid to or received by the Claimholder or its Representatives; (ii) such Proceeds are promptly applied and/or distributed by the Claimholder or on behalf of the Claimholder in accordance with the terms of this Agreement; and (iii) the amount received by the Funder as a result thereof is not sufficient to pay all of the Recovery Percentage (see Section 7.3 below), and all of the amounts due to the Funder under this Agreement, then (provided that all of the Proceeds which the Funder will ever be entitled to have been paid to or received by the Funder), the Funder shall have no right of recourse or action against the Claimholder or its Representatives, or any of their property, assets, or undertakings, except as provided in Sections 7.1 and 12.4(a)(i).

4.2 Characterization of Transaction. The Parties acknowledge and agree that:

(a) this Agreement does not in any way constitute the purchase or sale of the Subject Claim, but rather constitutes a purchase and sale of a portion of the Proceeds (if any) arising from the Subject Claim as set forth in this Agreement;

(b) the Funder is purchasing from the Claimholder, and the Claimholder is selling to the Funder, the right to a portion of the Proceeds resulting from the Subject Claim; and

(c) the Claimholder is relinquishing its ownership rights to a portion of the Proceeds in favor of the Funder, and that the Funder is assuming those rights that Claimholder is relinquishing in favor of the Funder.

5. Payments to the Claimholder.

5.1 Claims Payments. Subject to the provisions of this Agreement, in exchange for its interest in Proceeds resulting from the Subject Claim pursuant to Section 7 of this Agreement, the Funder agrees to pay for the purpose of funding Fees and Expenses (defined below) regarding the Subject Claim (the "**Claims Payments**") incrementally and at the Funder's sole discretion in accordance with the Costs Plan as may be approved by the Funder from time to time.

5.2 Funding Phases. The Funder shall make Claims Payments in multiple disbursements in an aggregate amount not to exceed US $10,000,000 (the "**Maximum Investment Amount**"). The Maximum Investment Amount will be made available to the Claimholder as set forth below:

(a) A first phase ("**Phase I**"), in which the Funder shall make Claims Payments in an aggregate amount no greater than US $1,500,000 for the payment of antecedent and ongoing costs ("**Phase I Investment Amount**"), which Phase I Investment Amount, as of the Restated Effective Date, has been fully funded.

(b) A second phase ("**Phase II**"), in which the Funder shall make Claims Payments in an aggregate amount no greater than US $6,300,000 (in two tranches as set forth in Section 5.2(c) below) for the purposes of pursuing the Subject Claim to a final award ("**Phase II Investment Amount**"), which Phase II Investment Amount, as of the Restated Effective Date, has been partially funded.

(c) Upon exhaustion of the Phase I Investment Amount, the Claimholder shall have the option to request Tranche A of the Phase II Investment Amount, consisting of funding up to US $3,500,000 ("**Tranche A Committed Amount**"). Upon exhaustion of the Tranche A Committed Amount, the Claimholder shall have the option to request Tranche B of the Phase II Investment Amount, consisting of funding of up to US $2,800,000 ("**Tranche B Committed Amount**").

(d) Separate and apart from Phase I and Phase II, the Claimholder shall have the option to request up to US $2,200,000 ("**Arbitration Support Funds**") for the purpose of paying the Claimholder's litigation support costs in connection with the Subject Claim.

(e) The Claimholder must exercise its option to receive the Tranche A Committed Amount in writing, no less than thirty (30) days before submitting a Funding Request to the Funder under Tranche A. The Claimholder must exercise its option to receive the Tranche B Committed Amount in writing within forty-five (45) days after the exhaustion of the Tranche A Committed Amount. The Claimholder's exercise of either option must be accompanied by a Costs Plan for the funding tranche requested.

(f) For purposes of this Agreement, the Phase I Investment Amount, the Phase II Investment Amount, and the Arbitration Support Funds may be collectively referred to as "**Investment Funds**."

5.3 Exclusive Funding Source. Except as set forth in Section 5.7, Section 12.4(b) and any other arrangements expressly agreed in writing from time to time between the Funder and the Claimholder, the Claimholder agrees that, upon exercising the Claimholder's option to receive any portion of the Investment Funds, the Funder shall be the sole source of third-party funding for the Fees and Expenses of the Subject Claim under each respective portion of the Investment Funds requested by the Claimholder, and the Claimholder shall obtain funding for the Fees and Expenses of the Subject Claim only as set forth in this Section 5.

5.4 Funding Request. Subject to the terms of this Agreement, if the Claimholder requires funds to pay for the Fees and Expenses related to the Subject Claim, the Claimholder Representative (defined below) shall submit a request by delivery of a written notice that includes: (i) a description of the Fees and Expenses that require immediate funding; (ii) the amount of the proposed Claims Payment; (iii) the number and location of the account to which the funds are to be disbursed; (iv) the payment date; (v) an estimate of Fees and Expenses projected for the next three (3) months; and (vi) a clear statement describing whether the Investment Funds requested constitute (A) Arbitration Support Funds, (B) Phase I Investment Amount funds or (C) Phase II Investment Amount funds (a "**Funding Request**"). The Funding Request must be received by the Funder at least fifteen (15) Business Days prior to the requested payment date. On the payment date specified in the Funding Request, the Funder shall wire transfer to such account an amount in immediately available funds equal to the amount of the Funding Request. The Parties will endeavor to ensure that Funding Requests are consistent with the associated Costs Plan submitted to the Funder by the Claimholder for the Subject Claim in accordance with Section 11.1 below, which shall be updated from time to time as the circumstances warrant.

5.5 No Liability for Other Expenses. Except for the payment of the Fees and Expenses as duly submitted in Funding Requests in an aggregate amount not to exceed the Maximum Investment Amount, the Funder shall have no obligation to fund any fees, expenses or other sums in relation to the Subject Claim, and all such other fees, expenses or other sums shall be the sole responsibility of the Claimholder.

5.6 No Commitment for Additional Financing. The Claimholder acknowledges and agrees that the Funder has not made any representation, undertaking, commitment or agreement to provide or assist the Claimholder in obtaining any financing, investment or other assistance, other than as set forth in this Agreement. In addition, the Claimholder acknowledges and agrees that an obligation, commitment or agreement to provide or assist the Claimholder in obtaining any financing or investment other than by way of this Agreement may only be created by a separate written agreement, signed by the Parties, setting forth the terms and conditions of such additional financing or investment and stating that the Parties intend for such writing to be a binding obligation or agreement.

5.7 Follow-On Funding. Upon the Funder making Claims Payments to the Claimholder or its designees in an aggregate amount equal to the Maximum Investment Amount, the Funder shall have the option to continue funding the Fees and Expenses in relation to the Subject Claim on the same terms and conditions provided in this Agreement. Funder must exercise its option to continue funding in writing, within thirty (30) days after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount. If the Funder exercises its option to continue funding, the Parties shall attempt in good faith to amend this Agreement to provide the Funder with the right to provide at the Funder's discretion funding in excess of the Maximum Investment Amount, in an amount up to the greatest amount that may then be reasonably expected to be committed for investment in Subject Claim. If the Funder declines to exercise its option, the Claimholder may negotiate and enter into agreements with one or more third parties ("**Additional Funders**") to provide funding, which Additional Funders shall be subordinate to the Funder's rights under this Agreement.

5.8 Closing Fees. As of the Restated Effective Date, the Funder has retained a closing fee of $80,000.00 from the Phase I Investment Amount, $80,000.00 from the Phase II Investment Amount, and $200,000 from the Arbitration Support Funds (collectively, the "**Closing Fees**"), all to pay third parties in connection with due diligence and other administrative and transaction costs incurred by the Funder prior to and in furtherance of execution of this Agreement. The Closing Fees are part of the Maximum Investment Amount.

6. Management of Subject Claim; Fees and Expenses.

6.1 Funder's Passive Role. The Funder is not, and does not by virtue of entering into this Agreement become, a party to the Subject Claim nor does the Funder have any rights as to the direction, control, settlement or other conduct of the Subject Claim. The Funder does not have any rights as to the direction, control or conduct of the Nominated Lawyer, other than to receive advance written notice of the Claimholder's selection of the Nominated Lawyer as set forth in Schedule 2.

6.2 Common Purpose. The Parties acknowledge and mutually represent to each other that it is their common purpose in concluding this Agreement to enable the Claimholder to pursue the Subject Claim. The Parties further agree that this common purpose and all steps and actions required to achieve this common purpose, including any and all steps and actions required in accordance with the Claimholder's obligation to cooperate with the Funder as set forth herein, are of the essence of this Agreement.

6.3 Monetary Settlement of Subject Claim. The Parties acknowledge that their common interest is served by settling the Subject Claim for a commercially reasonable amount. The Claimholder may at any time without the consent of the Funder either settle or refuse to settle the Subject Claim for any amount; provided, however, that if the Claimholder settles the Subject Claim without the Funder's consent, which consent shall not be unreasonably withheld, conditioned, or delayed, the value of the Recovery Percentage in Section 7.4 will be deemed to be the greater of (a) the Recovery Percentage calculated based on the settlement amount (under Phase I, Phase II or the Arbitration Support Funds, as applicable), or (b) the total amount of all Claims Payments made in connection with such Subject Claim multiplied by three (3).

7. Receipt and Distribution of Proceeds.

7.1 Receipt of Proceeds; Claims Escrow Account.

(a) If, at any time, a Proceeds Recipient receives any Proceeds resulting from a Subject Claim ("**Claimholder Proceeds**"), the Claimholder shall: (i) give immediate notice by email to the Funder of such receipt of Claimholder Proceeds, and all other material details related thereto; and (ii) deposit, or cause the Proceeds Recipient to deposit, the entire amount of the Claimholder Proceeds into the Escrow Account. The Claimholder shall ensure, and cause its Representatives to ensure, that all Claimholder Proceeds received by a Proceeds Recipient are as soon as practicable, but in any event within two (2) Business Days, deposited into the Escrow Account and not into any other account.

(b) During the period of time between receipt of any Claimholder Proceeds and the deposit of the Claimholder Proceeds into the Escrow Account, the Proceeds Recipient will hold such Claimholder Proceeds in trust (or the local law equivalent where such Claimholder Proceeds are received) for the Parties.

(c) If, at any time after the Initial Effective Date the Claimholder ceases the Subject Claim for any reason other than (i) a full and final arbitral award against the Claimholder or (ii) a full and final monetary settlement of the claims, all Claims Payments under Phase I and, if the Claimholder has exercised the corresponding option, the Tranche A Committed Amount under Phase II, the Tranche B Committed Amount under Phase II, and/or the Arbitration Support Funds, shall immediately convert to a senior secured liability of the Claimholder. This sum shall incur an annualized Internal Rate of Return ("**IRR**") of fifty-percent (50%) retroactive to the date each Funding Request was paid by the Funder (under Phase I), or, to the Trigger Date A for the Tranche A Committed Amount and Tranche B Committed Amount of Phase II and/or the Arbitration Support Funds, if the Claimholder has exercised the respective option (collectively, the "**Conversion Amount**"). Such Conversion Amount and any and all accrued IRR shall be payable in-full by the Claimholder within twenty-four (24) months of the date of such conversion, after which time any outstanding Conversion Amounts, shall accrue an annualized IRR of one hundred percent (100%), retroactive to the Trigger Date A (the "**Subsequent IRR**"). The Claimholder will execute such documents and take other actions as necessary to grant the Funder a senior security interest on and over all sums due and owing by the Claimholder in order to secure its obligations to pay the Conversion Amount to the Funder. For the avoidance of doubt, if the Claimholder ceases the Subject Claim due to the grant of an environmental permit (with or without a monetary component), all Claims Payments under Phase I and, if the Claimholder has exercised the corresponding option, the Tranche A Committed Amount, Tranche B Committed Amount or the Arbitration Support Funds, shall immediately convert to a senior secured liability of the Claimholder and the terms of this Section 7.1(c) shall apply.

(d) If, at any time after exercising its option to receive funds under either Tranche A or Tranche B of Phase II, the Claimholder wishes to fund the Subject Claim with its own capital ("**Self-Funding**") (which excludes any Claims Payments made, either directly or indirectly, by any other third party), the Claimholder shall immediately pay to the Funder the Conversion Amount; provided that this Section 7.1(d) shall not apply if after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount, the Funder does not exercise its option to provide Follow-On Funding.

(e) In the event of any Receipt of Proceeds, the Funder shall be entitled to any additional sums above the Conversion Amount to which the Funder is entitled under Section 7.4 of this Agreement. Should the Claimholder cease the Subject Claim as described in Section 7.1(c) after Self-Funding the Claim, accrued IRR and Penalty Interest shall be calculated and paid to the Funder in accordance with Section 7.1(c). The Funder's rights to the Recovery Percentage (under Section 7.4) shall survive any decision by Claimholder to utilize Self-Funding.

7.2 Limited Direction of the Nominated Lawyer by the Funder. Notwithstanding any other provision of this Agreement, the Claimholder hereby specifically authorizes and permits the Funder to direct the Nominated Lawyer to instruct, on the Claimholder's behalf, any party related in any way to the Claimholder Proceeds that any such Claimholder Proceeds be paid to the Escrow Account; provided, however, that the Funder, prior to so directing the Nominated Lawyer, gives notice to the Claimholder of its intention to do so and affords the Claimholder reasonable opportunity to discuss the advisability of doing so.

7.3 Power of Attorney. The Claimholder irrevocably directs the Nominated Lawyer to take all steps necessary to ensure that any and all Claimholder Proceeds are paid or delivered into the Escrow Account. The Claimholder herein grants to the Nominated Lawyer a full and irrevocable power of attorney (or local law equivalent where any Proceeds are received) to collect and cause any and all Claimholder Proceeds to be paid into the Escrow Account. The Parties acknowledge and agree that such power of attorney (or local law equivalent where any Proceeds are received) is of the essence of this Agreement and is a condition thereof and that any material variation or termination of such power of attorney by the Claimholder will entitle the Funder to terminate this Agreement.

7.4 Distribution of Claimholder Proceeds. On each Distribution Date, the Claimholder and Funder shall jointly direct the Nominated Lawyer to make from the Escrow Account distributions of the Claimholder Proceeds in accordance with subparagraph (a) or (b) below (the "**Recovery Percentage**"), as applicable:

(a) Phase I Compensation. In exchange for the Phase I Investment Amount, the Funder shall receive from the first Proceeds:

(i) First, 100% to the Funder, until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phase I;

(ii) Second, 100% to the Funder until the cumulative amount distributed to the Funder equals an Internal Rate of Return of 20% of Claims Payments paid by the Funder under Phase I ("**Phase I Compensation**"), per annum; and

(iii) Thereafter, 100% to the Claimholder.

(b) Phase II and Arbitration Support Compensation. In the event the Claimholder exercises its options to receive any portion of (A) the Tranche A Committed Amount or the Tranche B Committed Amount of the Phase II Investment Amount or (B) the Arbitration Support Funds, the Funder shall receive from the first Proceeds:

(i) First, 100% to the Funder until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under, as applicable, Phases I and II and/or the Arbitration Support Funds;

(ii) Second, 100% to the Funder until the cumulative amount distributed to the Funder equals an additional 300% of Phase I Investment Amount; plus an additional 300% of the Tranche A Committed Amount (i.e., 300% of $3.5 million), less any amounts remaining of the Tranche A Committed Amount that the Funder did not pay as Claims Payments; plus an additional 300% of the Tranche B Committed Amount (i.e., 300% of $2.8 million), if the Claimholder exercises the Tranche B funding option, less any amounts remaining of the Tranche B Committed Amount that the Funder did not pay as Claims Payments; plus an additional 300% of the Arbitration Support Funds (i.e., 300% of $2.2 million), if the Claimholder exercises the Arbitration Support Funds option, less any amounts remaining of the Arbitration Support Funds that the Funder did not pay as Claims Payments;

(iii) Third, (A) for each $10,000 in Fees and Expenses paid by the Funder under Phase I and Phase II, (B) any amounts over each $10,000 of the Tranche A Committed Amount and the Tranche B Committed Amount (if the Claimholder exercises the Tranche B funding option), and (C) any amounts over each $10,000 of the Arbitration Support Funds, One One-Hundredth of One Percent (.01%) of the total Proceeds from any recoveries after repayment of (i) and (ii) above, to the Funder; and

(iv) Thereafter, 100% to the Claimholder.

7.5 Reasonableness of Recovery Percentage. The Claimholder acknowledges and agrees that the Recovery Percentage and the amounts due to the Funder hereunder are commercially reasonable in nature and amount. The Claimholder's obligations and the Funder's rights under Section 7.4 shall survive the termination of this Agreement.

7.6 Payments by Wire. On the Distribution Date, the Claimholder and Funder shall cause the Nominated Lawyer to pay any sum due to the Funder or Claimholder, as applicable, by wire transfer from the Escrow Account to the bank account specified in writing by the Funder or Claimholder, as applicable.

7.7 No Withholding. All payments to be made hereunder by the Claimholder shall be made without set-off or counterclaim and free and clear of, and without deduction for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings or restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed against the Claimholder. If any of the foregoing Taxes or charges are imposed and required to be withheld by law from any such payment (subject to the requirement to obtain a Tax Opinion pursuant to Section 15.1), the Claimholder shall notify the Funder of the imposition of withholding Taxes or charges and, in addition to paying the full amounts due hereunder (in compliance with Section 15.3), pay such Taxes and charges to the appropriate taxing authority for the account of the Funder and, as promptly as possible thereafter,

send the Funder an original receipt (or a copy thereof that has been stamped by the appropriate taxing authority to certify payment) showing payment thereof, together with such additional documentary evidence as the Funder may from time to time reasonably require. If the Claimholder fails to perform its obligations under the preceding sentence, the Claimholder shall indemnify the Funder for any such Taxes and charges that are paid by the Funder plus all incremental Taxes and charges, interest or penalties that may become payable as a consequence of such payment failure.

7.8 Currency. All payments to the Funder hereunder shall be made in United States Dollars, regardless of any law, rule, regulation or statute, whether now or hereafter in existence or in effect in any jurisdiction, which affects or purports to affect such obligations. If the Proceeds Recipient receives Proceeds in another currency, then calculation of the United States Dollars to be paid to the Funder shall be made using the spot rate of exchange quoted by a financial institution selected by the Funder and having recognized foreign exchange capabilities on the date on which the Proceeds Recipient receives Proceeds.

7.9 Late Payments. Other than as set forth in Section 7.1(c) or Section 12, payments or distributions to the Funder pursuant to this Section 7 not made when due shall bear interest at a rate of 2.5% per month, compounded daily, or the maximum rate permitted by law, whichever is lower, until received by the Funder.

8. Secured Transaction.

8.1 Security. The Claimholder hereby recognizes the Funder's priority right, title, and interest in any Proceeds, including against any available Collateral to secure its obligations under this Agreement, which security interest shall be first in priority as against all other security interests in the Proceeds. The Claimholder acknowledges and agrees to execute and authorize the filing of a financing statement or similar and to take such other actions in such jurisdictions as the Funder, in its sole discretion, deems necessary and appropriate to perfect such security interest.

8.2 Further Assurances. The Claimholder shall take all steps, and provide such assistance as the Funder may reasonably request, for the purpose of perfecting the Funder's first priority charge in the Collateral, including the entering into agreements and the making of any filings or notifications necessary or desirable in connection therewith.

8.3 Obligations Unaffected by Insolvency. All obligations of the Claimholder under this Agreement, including this Agreement and any documents provided by way of security, are intended to survive the insolvency or liquidation of the Claimholder, including any Insolvency Proceeding.

9. Representations and Warranties of the Funder. The Funder hereby represents and warrants to the Claimholder that as of the Initial Effective Date:

9.1 the Funder has the full power and authority to enter into this Agreement, the execution, delivery and performance of this Agreement has been authorized by all requisite corporate or equivalent action, and this Agreement is the legal, valid and binding obligation of the Funder; and

9.2 the Funder's execution, delivery and performance of this Agreement does not and will not conflict with or result in a violation of the Funder's governing documents or any statute, law, order, rule or regulation of any relevant Governmental Authority applicable to the Funder.

10. Representations and Warranties of the Claimholder. The Claimholder hereby represents and warrants to the Funder that as of the Initial Effective Date:

10.1 the Claimholder has full power and authority to enter into this Agreement, the execution, delivery and performance of this Agreement has been authorized by all requisite action on behalf of Claimholder, and this Agreement is the legal, valid and binding obligation of the Claimholder;

10.2 the Claimholder's execution, delivery and performance of this Agreement does not and will not conflict with or result in a violation of the Claimholder's governing documents, any statute, law, order, rule or regulation of any relevant Governmental Authority applicable to the Claimholder, or any agreement to which the Claimholder is a party or by which it is bound or to which any of the Claimholder's assets are subject;

10.3 no registration with, or additional consent or approval of, or any other action by any Governmental Authority or other Person is required in connection with the execution, delivery and performance of any of this Agreement by the Claimholder;

10.4 the Claimholder has received independent legal advice on the terms and effect of this Agreement;

10.5 the Claimholder is the sole legal and beneficial owner of, and has good title to, the Subject Claim free and clear of any Encumbrances;

10.6 neither the Claimholder nor, to the knowledge of the Claimholder's officers and directors, any of its Representatives has made or entered into any prior assignment, trust arrangement, security, sale, transfer or sub-participation or local law equivalent of its right, title or interest in the Subject Claim;

10.7 neither the Claimholder nor, to the knowledge of the Claimholder's officers and directors, any of its Representatives has taken any steps or executed any documents which would materially or adversely affect the Subject Claim;

10.8 neither the Claimholder nor, to the knowledge of the Claimholder's officers and directors, any of its Representatives has engaged in any acts or conduct or made any material omissions, agreements or arrangements, that would result in the Funder receiving proportionately less payments or less favorable treatment in respect of the Subject Claim than the Claimholder pursuing or enforcing such Subject Claim;

10.9 neither the Claimholder nor, to the knowledge of the Claimholder's officers and directors, any of its Representatives has set-off or agreed to set-off any amounts against the Subject Claim or the Proceeds and no rights of set-off or similar rights against the Claimholder exist which will permit any set-off of or counterclaim against the Subject Claim;

10.10 neither the Claimholder nor, to the knowledge of the Claimholder's officers and directors, any of its Representatives has received any written notice or is otherwise aware that the Subject Claim or any portion thereof are subject to any Subject Claim Impairment or are otherwise invalid or void;

10.11 the Claimholder has disclosed or caused to be disclosed to the Funder all material documentation and other information in its possession or control relevant to the Subject Claim, in its true, complete and correct form, and there is no information in the knowledge, possession or control of the Claimholder or its Legal Representatives that is or is reasonably likely to be material to the Funder's assessment of the Subject Claim that has not been disclosed to the Funder and the Claimholder believes (and does not have, and has not been informed by any of its Legal Representatives of, any belief to the contrary) that the Subject Claim is meritorious and likely to prevail;

10.12 no proceedings of or before any Governmental Authority have been commenced by or against or, to the best of the Claimholder's knowledge, are threatened against the Claimholder, which are reasonably likely to materially adversely affect the Subject Claim;

10.13 except for this Agreement, there are no agreements (whether in writing or oral) between the Claimholder and another Person to grant a contingent interest in, or to grant a right to payment determined by reference to, the Subject Claim or the Proceeds thereof in favor of any Person;

10.14 the Claimholder has the full power and authority to bring the Subject Claim and to instruct the Nominated Lawyer;

10.15 the Claimholder has not failed to disclose to the Funder any fact or facts of which it (or its Representatives) is aware that would, if the Funder had been so advised, be reasonably expected, individually or in the aggregate, to have led the Funder not to enter into this Agreement;

10.16 the Subject Claim is not barred by the statute of limitations of any applicable jurisdiction; and

10.17 The foregoing representations and warranties are continuing and the Claimholder shall promptly notify the Funder should any of them cease to be true, accurate or complete.

11. Covenants and Obligations.

11.1 Costs Plans. Within thirty (30) calendar days of the Restated Effective Date, the Claimholder shall develop and deliver to the Funder a budget for the estimated costs for the Subject Claim, which is acceptable to the Funder in its sole discretion (each, a "**Costs Plan**"), it being understood that (i) any Costs Plan may be amended from time to time with the prior written consent of the Funder, and (ii) any Claims Payments made hereunder will be conditioned on such Claims Payments being in compliance with the Costs Plan. The Claimholder shall keep the funder informed as to any changes in the costs budgeted in the Costs Plan and the Funder must approve any expenditure that deviates materially from the Costs Plan. The Parties will jointly review Costs Plans on a quarterly basis.

11.2 Claimholder Representative. The Claimholder hereby designates one of its employees or agents as set forth on Schedule 3 attached hereto to serve as its primary contact with respect to this Agreement and to act as its authorized representative with respect to matters pertaining to this Agreement (the "**Claimholder Representative**"), with such designation to remain in force unless and until a successor is appointed, in the Claimholder's reasonable discretion, and the Claimholder notifies the Funder of such change in writing in accordance with Section 23.5. The Claimholder Representative shall be responsible for all notices and reporting obligations under this Agreement.

11.3 Duty to Cooperate. The Claimholder shall pursue the Subject Claim zealously and in a commercially reasonable manner. The Claimholder shall irrevocably instruct the Nominated Lawyer to keep the Funder fully and continually informed of all material developments (including the matters set out below) and to provide the Funder with copies of all Documents material to the Subject Claim. The Claimholder and the Funder agree that the Nominated Lawyer may not disclose information or documents that the Nominated Lawyer reasonably believes could or would jeopardize any privilege, including the attorney-client privilege, of the Claimholder. Additionally, the Claimholder shall, as requested by the Nominated Lawyer:

(a) cooperate with the Nominated Lawyer and his or her designees and the Funder in all material matters pertaining to the Subject Claim and devote sufficient time and attention as is reasonably necessary to conclude the Subject Claim; provide to the Nominated Lawyer and his or her designees all material Documentation and Confidential Information and comply with this Agreement; consult with the Nominated Lawyer and his or her designees as they reasonably require for purposes of pursuing the Subject Claim and appear at any proceeding or hearings (including hearings located abroad) reasonably required in connection with the Subject Claim;

(b) cause all Persons related to the Subject Claim, including the Claimholder's Legal Representatives, to (i) submit to examination by the Nominated Lawyer and his or her designees for the preparation of statements, to subscribe to the same under oath if required, (ii) consult with the Nominated Lawyer and his or her designees as they reasonably require for purposes of pursuing the Subject Claim, and (iii) appear at any hearings (including hearings located abroad) reasonably required in connection with such statements or the Subject Claim generally;

(c) lend its name to all required actions and steps in relation to the Subject Claim, and shall execute all papers and render assistance to the Nominated Lawyer and his or her designees so as to secure to the Funder the benefits, rights and causes of action provided for herein. The Claimholder shall: (i) do nothing that is reasonably likely to prejudice such benefits, rights or causes of action, and (ii) engage in no conduct or commercial arrangements that are reasonably likely to have a material adverse impact in any way on the Subject Claim or the value of the Proceeds; and

(d) authorize and instruct the Nominated Lawyer and his or her designees to respond fully and promptly to any reasonable request by the Funder or its Representatives for information regarding the Subject Claim.

The Parties acknowledge and agree that the Claimholder's obligation to cooperate as set out in this Section 11.3 is of the essence of this Agreement and is a condition thereof and a continuing obligation and that any uncured material breach thereof that has a material adverse impact on the value of the Subject Claim or the Proceeds shall entitle the Funder to terminate this Agreement pursuant to Section 12.2.

11.4 Additional Covenants.

(a) Except for a Limited Encumbrance, the Claimholder may not dispose of, transfer, assign or cause or permit the imposition of any Encumbrance on any of its right, title or interest in or relating to the Subject Claim, the Proceeds, or its beneficial interest in the foregoing in whole or in part, including the right to control litigation of the Subject Claims. Before executing a Limited Encumbrance, the Funder shall be provided (i) notice of the Claimholder's intent to pursue the Limited Encumbrance; and (ii) the option to provide the Claimholder with financing to be obtained through the Limited Encumbrance on the same or similar terms, which option must be exercised within forty-five (45) days of its receipt. Limited Encumbrances shall not be used for purposes of Self-Funding.

(b) The Claimholder shall meet the Reporting Requirement at all times until this Agreement expires or is otherwise terminated and shall keep the Funder fully and promptly apprised of any material developments in relation to Subject Claim. The Claimholder shall respond fully and promptly to any request by the Funder for non-privileged information regarding Subject Claim.

(c) The Claimholder agrees and undertakes that neither it nor any of its Representatives (i) will institute any action, suit, or arbitration separate from the Subject Claim arising from the same facts, circumstances or law giving rise to the Subject Claim without the Funder's knowledge and consent; (ii) will take any step reasonably likely to have a materially adverse impact on the Subject Claim or the Funder's share of any Proceeds; or (iii) will take any step that would give any Person or entity an interest in the Subject Claim or potential Proceeds except as otherwise permitted by this Agreement.

(d) The Claimholder covenants to cooperate in the prosecution of the Subject Claim. Specifically, the Claimholder will promptly and fully assist its Legal Representatives as reasonably necessary to conduct and conclude the Subject Claim.

(e) The Claimholder shall not negotiate for or accept any other third party investment, financing or funding of any type (including debt, equity or otherwise), from whatever source, and whether or not in cash, in connection with the Subject Claim without the prior written consent of the Funder, except after following the procedures of Section 5.7 and Section 11.4(a), as applicable.

(f) The Claimholder shall immediately disclose to the Funder any material information related to any actual or potential conflicts of interests arising out of the Claimholder's interests in Subject Claim and any material information known to the Claimholder related to any actual or potential conflicts of interests arising out of any interests in Subject Claim.

(g) The Claimholder shall use reasonable care to manage all Fees and Expenses and review all invoices relating thereto to ensure that they are reasonable.

(h) The Claimholder shall ensure that no Proceeds will be released except in accordance with this Agreement.

11.5 Cooperation on Insurance Matters. The Parties shall cooperate with each other to obtain adverse costs, political risk or similar insurance, if deemed necessary and desirable in the reasonable discretion of the Funder.

12. Term and Termination.

12.1 Term. This Agreement expires on the (i) date upon which all amounts owing by the Claimholder to the Funder pursuant to this Agreement have been satisfied and paid in full to the Funder, or (ii) the date upon which either Party terminates the Agreement;

12.2 Termination by the Funder. The Funder may terminate this Agreement by providing ten (10) calendar days written notice to the Claimholder after the occurrence of any of the following events. The notice shall reasonably describe the alleged breach which is the basis of such termination and clearly state the Funder's intent to terminate this Agreement if the alleged breach is not cured within ten (10) calendar days of the Claimholder's receipt of the notice.

(a) Any representation or warranty given by the Claimholder was untrue in any material respect as of the Initial Effective Date or the Restated Effective Date of this Agreement;

(b) Any breach by the Claimholder of a material provision of this Agreement that has a material adverse effect on the value of the Subject Claim or the Proceeds;

(c) An event, circumstance or condition has occurred or been discovered after the Initial Effective Date of the Agreement which would reasonably be expected to render it unlikely that the Claimholder Proceeds will be sufficient to pay the amounts corresponding to Sections 7.4(a) and Section 7.4(b) of this Agreement, as applicable, including the occurrence of any event or development with respect to the Subject Claim that has resulted or could reasonably be expected to result in the dismissal, discontinuation or denial of any material portion of the Subject Claim; or

(d) Claimholder becomes insolvent and is subject to Insolvency Proceedings.

12.3 Termination by the Claimholder. The Claimholder may terminate this Agreement by providing ten (10) calendar days written notice to the Funder after the occurrence of any of the following events. The notice shall reasonably describe the alleged breach which is the basis of such termination and clearly state the Claimholder's intent to terminate this Agreement if the alleged breach is not cured within ten (10) calendar days of the Funder's receipt of the notice.

(a) The Funder declines a Funding Request that has been duly submitted in accordance with the Agreement.

(b) Any breach by the Funder of a material provision of this Agreement that has a material adverse effect on the value of the Subject Claim or the Proceeds; or

(c) An Insolvency Proceeding has been commenced by or against the Funder.

12.4 Effect of Termination.

(a) Upon termination of this Agreement by the Funder pursuant to Section 12.2:

(i) if such termination is due to a breach of the duty to cooperate under Section 11.3 or Section 14.4, then within ten (10) days of such termination notice, the Claimholder (or its successor, as provided in Section 23.1) shall pay the Funder an amount (such amount, the "**Damage Amount**") equal to the greater of: (i) the Conversion Amount (see Section 7.1(c) above); or (ii) the aggregate amount of all Claims Payments multiplied by three (3). The Funder's right to payment of the Damage Amount exists regardless of whether any Claims Proceeds have been received. If the Claimholder fails to pay the Damage Amount, the unpaid portion of the Damage Amount shall bear interest at a rate of fifteen percent (15%) per annum, accruing daily and compounded annually on December 31st of each calendar year, until paid; and

(ii) if such termination is due to any other reason, the Claimholder shall pay the Funder from the Proceeds of any Subject Claim to this Agreement an amount equal to one hundred percent (100%) of the Claims Payments made as of the date of such termination plus ten percent (10%) interest, accruing daily and compounded annually on December 31st of each calendar year, until paid; and the payment obligations of the Claimholder under Section 7 shall not apply.

(b) In the event the Claimholder terminates this Agreement pursuant to Section 12.3, the Claimholder shall pay the Funder from the Proceeds of any Subject Claim an amount equal to the total amount of all Claims Payments made through the date of termination plus an annualized IRR of 15%, on all Claims Payments made through the date of termination (the "**Claimholder Termination Amount**"). The Claimholder may also negotiate and enter into agreements with one or more third parties ("**Additional Funders**") to provide funding to pursue and enforce the Subject Claim.

(c) Following termination of this Agreement, the Funder shall be entitled, in order to protect its own interest in relation to this Agreement, to keep copies of the Documentation, including Confidential Information provided to it by the Nominated Lawyer.

(d) Termination of this Agreement shall be without prejudice to the right of the Funder to any Proceeds or other payments under this Agreement (including pursuant to Section 7) or to claim damages in relation to this Agreement, except as otherwise specifically provided for in this Agreement.

13. Mutual Covenants Regarding Confidential Information.

13.1 Exclusive Ownership of Information by Disclosing Party. The Recipient agrees and acknowledges that all Confidential Information provided to it is and shall remain at all times the exclusive property of and owned by the Disclosing Party or its Representatives, as the case may be, and that the Recipient's use or awareness of such Confidential Information shall create no rights, at law or in equity, in the Recipient in or to such information, or any aspect or embodiment thereof. Neither the execution of this Agreement, nor the furnishing of any Confidential Information hereunder, shall be construed as granting, whether expressly or by implication, estoppel or otherwise, any license to distribute or title to any patent, trademark, copyright, service mark, business and trade secret or other proprietary right to such Confidential Information, or to use such Confidential Information for any purpose other than as specified in this Agreement or to constitute a waiver of any attorney-client privilege or work product protection.

13.2 Non-Disclosure of Confidential Information and Common Interest Material. The Recipient shall not for any reason, during the term of this Agreement and for a period of five (5) years following expiration or termination of this Agreement, disclose, use, reveal, report, publish, transfer or make available, directly or indirectly, to any Person other than its Representatives who are authorized pursuant to this Agreement, any Confidential Information or Common Interest Material provided to it except in connection with the performance of its obligations under this Agreement.

13.3 Confidentiality Procedures. The Recipient shall ensure that the Confidential Information it receives is not divulged or disclosed to any Person except its Representatives who have a "need to know" such information. The Recipient shall ensure its Representatives' compliance with the provisions of this Agreement and shall be solely responsible for any failure by it or its Representatives to so comply.

13.4 Judicial and Official Disclosure Requests. If the Recipient is requested in any judicial or administrative proceeding or by any Governmental Authority to disclose any Confidential Information, then the Recipient shall (so far as practicable and lawful) promptly provide the Disclosing Party with written notice of such request prior to disclosing such Confidential Information, so that the Disclosing Party may seek an appropriate protective order. The Recipient shall cooperate with the Disclosing Party in seeking such a protective order. If, in the absence of a protective order, the Recipient determines it is obliged to disclose such Confidential Information, the Recipient may, without liability hereunder, furnish only that portion of such Confidential Information that the Recipient has determined it is obliged to furnish and shall exercise reasonable efforts to obtain assurance from the applicable court, administrative agency, Governmental Authority or other Person to whom disclosure is being made that confidential treatment will be accorded such Confidential Information to the maximum extent contemplated by this Agreement.

13.5 Non-Circumvention. The Recipient agrees that it shall not directly or indirectly interfere with, circumvent, or attempt to circumvent, avoid, by-pass or obviate the interest of the Disclosing Party in the businesses or relationships referred to in the disclosures contemplated hereby that constitute Confidential Information of the Disclosing Party. Recipient shall be responsible for any losses incurred as a result of a breach of this Section 13.5.

14. Information and Privilege.

14.1 The Claimholder shall instruct the Nominated Lawyer (and shall direct any future attorneys representing it) to, among other things, provide to the Funder copies of any and all material Documentation together with all material Confidential Information, that the Nominated Lawyer may receive at any time while engaged by the Claimholder, as applicable, from the Claimholder, or from any other third party in relation to the Subject Claim. The Claimholder shall instruct the Nominated Lawyer (and shall direct any future attorneys representing it) in connection with Subject Claim and shall instruct the Claimholder Representative in connection with Subject Claim to, among other things:

(a) notify the Funder of any material verdict, award, settlement, discontinuance or ending with respect to the Subject Claim;

(b) respond to reasonable requests for material information from the Funder; and

(c) call the Funder prior to any delivery or payment to the Funder to verify the amount due to the Funder under this Agreement.

14.2 The Parties agree that they have a “common legal interest” in the Subject Claim, this Agreement, and any discussion, evaluation and negotiation and other communications and exchanges of information relating thereto.

14.3 Notwithstanding any other provision of this Agreement to the contrary, the Parties agree that any Common Interest Material shall at all times remain subject to all applicable privileges and protections from disclosure, including the attorney-client privilege or any similar privilege in any jurisdiction including, for the avoidance of doubt, legal professional privilege or litigation privilege, common interest privilege, work-product immunity doctrine, and any applicable rules of professional secrecy in any jurisdiction, it being the express intent of the Parties and their Representatives to preserve intact to the fullest extent applicable, and not to waive, by virtue of this Agreement, any action contemplated under this Agreement, or otherwise, in whole or in part, any and all privileges and immunities to which Common Interest Material, or any part of it, are, may be subject or may become subject in the future. It is the good faith belief of the Disclosing Party that common interest privilege attaches to the Common Interest Material. No disclosure of the Common Interest Material would occur without the protection of that privilege.

14.4 The Parties further acknowledge and agree that the Claimholder’s undertakings set out in this Section 14 are continuing and are part of its duty to cooperate with the Funder and are of the essence of the Agreement and a condition thereof and that any material breach of such undertakings shall entitle the Funder to terminate this Agreement in accordance with Section 12.2.

14.5 Notwithstanding any other provision of this Agreement to the contrary, the Parties agree that the Claimholder shall have no obligations to make, and the Nominated Lawyer and Claimholder Representative may not make, any disclosure or deliveries under or in respect of this Section 14 or otherwise unless such disclosure or delivery, as applicable, is made in furtherance of the common interest and does not adversely affect in any way the confidentiality of such privileged information.

14.6 The Funder may operate under and contract with an affiliated law firm for work in pursuit of recoveries of the Subject Claim, and all information regarding such Subject Claim shared between such law firm, the Funder, the Claimholder, the Nominated Lawyer and their respective Representatives, shall constitute work product. The affiliated law firm's Fees and Expenses shall not exceed $150,000 per annum. Sections 7.4 (a) and 7.4 (b) shall not apply in calculating repayment of these Fees and Expenses.

15. Tax Matters.

15.1 No Withholding. Pursuant to Section 7.7, the Claimholder shall make all payments under or in connection with this Agreement without any deduction or withholding for or on account of any Tax except to the extent required by applicable law, as reflected in a legal opinion or memorandum of an internationally recognized tax counsel or accounting firm obtained by Claimholder and reasonably acceptable to the Funder, such opinion being addressed to the Funder or otherwise expressly permitting the Funder to rely on such opinion ("**Tax Opinion**"). If any such deduction or withholding is required by law to be made, the Claimholder shall comply with Section 7.7 and Section 15.3, and shall promptly deliver or cause to be delivered the related Tax Opinion to the Funder.

15.2 Tax Efficient Structure. Each Party shall attempt, in good faith, to structure the receipt of Proceeds in the most tax-efficient manner practicable so that there are no unnecessary deductions or withholdings (a "**Tax Efficient Structure**"), and will consider, in good faith, reasonable Tax Efficient Structures for payment of the Proceeds and other payments due to the Funder recommended by tax counsel or advisors to the Claimholder in that regard, and will consider, in good faith, commercially reasonable methods (including a trust) to effect the foregoing. The Claimholder and the Funder hereby agree that their respective tax counsel or advisors shall consult with each other in order to implement a Tax Efficient Structure.

15.3 Tax Indemnification. Except with respect to any Tax assessed on the Funder under the laws of the jurisdiction in which it is incorporated and any Tax which has already been the subject of a gross up pursuant to this Agreement, if the Funder is or will be subject to any liability or required to make any payment, or receives a lesser amount as a result of any withholdings or deductions for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under this Agreement, the Claimholder shall, within fifteen (15) days of demand by the Funder, pay to the Funder an amount equal to the loss, liability, reduction in amounts paid to Funder or cost which the Funder determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Funder in respect of any payment made (or deemed made) by the Claimholder under or in connection with this Agreement (the "**Additional Amount**"), which amount will be sufficient to ensure that the total amount received by the Funder, after deducting for Taxes (including Taxes on the Additional Amount), will be the same as if no such Taxes had been imposed.

16. Relationship of the Parties.

16.1 Independent Actors. The Funder and the Claimholder are independent actors. This Agreement does not create any joint venture, partnership or any other type of affiliation, nor does it create a joint interest in the Subject Claim, for any purpose, including for U.S. federal, state and local income tax purposes.

16.2 No Practice of Law. The Funder, its Affiliates and their investment advisers are engaged in an investment business that has as its principal focus assets that are connected to fraud, asset recovery, litigation, arbitration or mediation. The Funder and its Affiliates and their investment advisers are not law firms and are not engaged in the practice of law with respect to the Subject Claim or otherwise. The Claimholder agrees that it shall not rely on the Funder, its Affiliates or their investment advisers for legal or other professional advice. Notwithstanding the foregoing, the Funder may engage affiliated law firms (including Halcyon Law Group, PLLC or Nelson Mullins Riley & Scarborough LLP) to provide the Funder with legal advice from time to time relating to the Subject Claim.

16.3 No Other Relationship. The Parties agree that nothing in this Agreement shall give rise to or be construed to create a fiduciary, lawyer-client, agency or other non-contractual relationship between the Parties.

17. Indemnification.

17.1 Indemnification of the Funder by the Claimholder. The Claimholder agrees to indemnify, defend and hold the Funder and its Representatives ("**Funder Indemnitees**") free and harmless from and against any and all actions, losses, costs, charges, damages, claims, sanctions, penalties and expenses (including attorneys' fees and costs of experts and advisors) (collectively, "**Losses**") which any Funder Indemnitee has sustained or may sustain at any time for reason of: (a) the breach of, inaccuracy of, or failure to comply with, or the existence of any facts resulting in the inaccuracy of, any of the warranties, representations, or covenants of the Claimholder contained in this Agreement or in any exhibits or documents, delivered by the Claimholder pursuant to or in connection with this Agreement or the Subject Claim; (b) any costs, sanctions, awards or penalties assessed or awarded against the Funder Indemnitees in connection with this Agreement or the Subject Claim; or (c) any claim by any agent or broker for compensation on account of the transactions contemplated by this Agreement, unless otherwise agreed in writing by the Parties; or (c) any legal proceedings connected with the Subject Claim brought against the Funder.

17.2 Indemnification of the Claimholder by the Funder. The Funder agrees to indemnify, defend and hold the Claimholder and its Representatives ("**Claimholder Indemnitees**") free and harmless from and against any and all Losses which any Claimholder Indemnitee has sustained or may sustain at any time for reason of: (a) the breach of, inaccuracy of, or failure to comply with, or the existence of any facts resulting in the inaccuracy of, any of the warranties, representations, or covenants of the Funder contained in this Agreement or in any exhibits or documents, delivered by the Funder pursuant to or in connection with this Agreement or the Subject Claim; or (b) any claim by any agent or broker for compensation on account of the transactions contemplated by this Agreement, unless otherwise agreed in writing by the Parties.

17.3 Indemnification Procedures. Any Party that seeks, or receives notice of a third party claim that seeks, indemnification ("**Indemnified Party**") hereunder shall promptly notify the Party from which the Indemnified Party will seek indemnification ("**Indemnifying Party**") of such claim in writing. The Indemnifying Party shall have the right to assume the defense of such action at its cost with counsel reasonably satisfactory to the Indemnified Party but shall not have the right to settle or compromise any claim or action for anything other than monetary payments without prior written consent of the Indemnified Party. The Indemnified Party shall have the right to participate in such defense with its own counsel at its cost.

17.4 Additional Obligations of Claimholder; Related Indemnity. Except as provided in Section 5.7, Section 11.4(a) and Section 12.4(b), the Claimholder shall not enter into any engagement agreement providing for or otherwise granting a contingent interest in the Subject Claim or the Proceeds thereof with any Person. The Claimholder agrees to indemnify the Funder to the extent necessary to ensure that the amount actually received by the Funder in respect of payments due from the Claimholder equals the amount which the Funder would have received if all of the Persons with a contingent interest in the Subject Claim or Proceeds other than the Funder had not held such contingent interest.

18. Limitation of Liability.

18.1 Subject to Section 18.2, the liability of the Funder under this Agreement is limited to payment of the Fees and Expenses pursuant to a Funding Request in accordance with the provisions of this Agreement not to exceed the Maximum Investment Amount. The Funder shall have no obligation to pay any sums awarded against, or penalties incurred by, the Claimholder, including any costs, orders, awards, interest, damages, expenses or penalties against the Claimholder in relation to any Subject Claim or defending any enforcement or other proceedings against the Claimholder.

18.2 There shall be no other liability of the Funder under this Agreement or related to it, or related to its activities in connection with this Agreement, except for gross negligence or fraud, in each case that has a material adverse effect on the Subject Claim or the Claimholder. This limitation of liability is absolute and excludes liability, by way of illustration and not limitation, for negligence, and for any damages that may constitute compensatory damages, lost profit, punitive, special or indirect damages or otherwise. This limitation of liability extends to the Funder and its Affiliates and Representatives and their successors and assigns.

18.3 Any claim by the Claimholder against the Funder in breach of the limitation of liability provided by this Section 18 constitutes a breach of contract entitling the Funder to recovery of damages and its costs and expenses incurred in relation thereto.

19. Certain International Provisions.

19.1 Government Authorizations. The Claimholder represents and warrants to the Funder that it has obtained all consents, licenses, authorizations and approvals of, or exemptions from, any Governmental Authority that are necessary or advisable for (a) the execution, delivery and performance by the Claimholder of the terms of this Agreement, and (b) the enforceability of this Agreement. The Claimholder represents and warrants to the Funder that it is not necessary for the Funder to be authorized by any Governmental Authority to make the Claims Payments or to enforce the Funder's rights under this Agreement.

19.2 Recordation; Registration. The Claimholder represents and warrants to the Funder that to ensure the legality, validity, enforceability, priority or admissibility in evidence of this Agreement, it is not necessary that this Agreement be registered, recorded, enrolled or filed with any Governmental Authority, or be notarized or consularized, or that any documentary stamp or similar Tax, imposition or charge of any kind be paid on or in respect of the Agreement.

19.3 Foreign Exchange. The Claimholder represents and warrants to the Funder that it has taken all steps necessary to insure the availability of foreign exchange in amounts and at the times necessary to enable it to meet its obligations under this Agreement.

19.4 English Language. This Agreement is to be executed and delivered by the Parties thereto in the English language. In the event that it is necessary for this Agreement to be translated into any language other than English for purposes of complying with any requirements of any Governmental Authority, the English language version of this Agreement shall prevail in any dispute as to the terms and conditions of this Agreement among the Parties. The Claimholder hereby waives any defense to the nonperformance of this Agreement based on the expression of this Agreement in the English language.

19.5 Commercial Transaction. This Agreement and the transactions contemplated represent commercial activities. The Claimholder agrees to be subject to and be bound by any judicial or arbitral proceedings in respect of any matter arising out of or relating to this Agreement. The Claimholder further agrees not to assert immunity from execution of judgment or from the enforcement therein of any judgment on the grounds of sovereignty or otherwise in respect of any matter arising out of or relating to this Agreement.

20. Governing Law and Dispute Resolution.

20.1 Governing Law. This Agreement, and all disputes and other matters arising under or in respect of this Agreement (whether in contract, tort or otherwise), shall be governed by the laws of the State of Florida, without giving effect to its conflict of law rules to the extent they would require application of the law of another jurisdiction.

20.2 Arbitration. THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION. Any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its formation, existence, validity, interpretation, performance, breach or termination shall (to the exclusion of any other forum) be referred to and finally resolved by arbitration administered by JAMS (the "**Administrator**") in accordance with its then-effective International Arbitration Rules (the "**Rules**"), except to the extent any such Rule conflicts with the express provisions of this Section 20.2. Any attempt by the Claimholder to seek relief or remedies

in any forum other than the forum required above shall constitute a breach of this Agreement and entitle the Funder to damages, equitable relief and full indemnification against all costs and expenses incurred in connection therewith. The Claimholder expressly agrees that its agreement to arbitrate, and any resulting award, falls under the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and the Federal Arbitration Act, and agrees that this Agreement has a reasonable relation to a foreign state, envisages performance outside the United States and relates to property outside the United States.

20.3 Procedure for Arbitration.

(a) The arbitral tribunal ("**Tribunal**") shall consist of three arbitrators. Each Party shall appoint one arbitrator and the two arbitrators appointed by the Parties shall, within thirty (30) days of the appointment of the second Party-appointed arbitrator, agree upon and appoint a third arbitrator who shall act as Chair of the Tribunal. If any of the three arbitrators are not appointed within the time period prescribed above, then JAMS shall appoint the arbitrator(s).

(b) The seat, or legal place, of arbitration shall be Miami, Florida and all proceedings shall occur there.

(c) The language to be used in the arbitral proceedings shall be English.

(d) In connection with any arbitration proceeding, each Party shall produce the documents that it intends to rely upon in the proceeding. No other document production is permitted.

(e) Each Party may take up to two depositions. No deposition shall exceed five hours (excluding breaks) and each deposition shall be completed within one day.

(f) In connection with any arbitration, each Party shall provide to the other, no later than seven (7) Business Days before the date of the arbitral hearing on the merits, the identity of all Persons that may testify at the arbitration along with a brief two-to-three sentence summary of the subject matter of such testimony, and a copy of all documents that may be introduced at the arbitration or considered or used by such Party's witness or expert marked by exhibit number and sponsoring witness.

(g) For any expert witness, the proponent must furnish their CV, a list of prior testimony and publications for the preceding four (4) years, and a summary and basis of any opinions. This disclosure must be made at least twenty (20) Business Days in advance of any arbitral hearing on the merits.

(h) The Tribunal's decision and award shall be made and delivered within four (4) months from the date that the third arbitrator is appointed and shall set forth a reasoned basis for any award of damages or finding of liability. The decision and award shall not require findings of fact and conclusions of law. The Tribunal shall not have power to award damages that are specifically excluded under this Agreement, and each Party hereby irrevocably waives any claim to such damages.

(i) The Tribunal shall have the discretion to require one Party to such arbitration to bear all or a portion of the expenses (including reasonable attorneys' fees) of the other Party to the arbitration, but any such fee shifting must be based on a finding that the Party's position on the merits or conduct of the arbitration was unreasonable or in bad faith.

20.4 Confidentiality. The Parties agree that any proceedings under this Section 20 as well as any documents and filings produced or exchanged in connection with those proceedings, shall remain confidential, except as may be necessary to prepare for or conduct such proceedings or to enforce or vacate a resulting award unless otherwise required by applicable law. The Parties shall not disclose either the contents of any proceedings hereunder, or the result thereof, without the express written consent of all Parties, except as required by applicable law, or to the extent necessary in connection with any financial audit.

20.5 Injunctive Relief. Notwithstanding anything in this Agreement to the contrary, each Party shall be entitled to seek interim injunctive relief or interim equitable relief whenever the circumstances permit such Party to seek such relief in a court of competent jurisdiction.

20.6 Exclusive Remedy. Arbitration as set forth above shall be the exclusive remedy of the Parties for resolving disputes under this Agreement. Any attempt by either Party to seek relief or remedies in a forum other than the forum required above shall constitute a breach of this Agreement and entitle the other Party to damages, equitable relief and full indemnification against all costs and expenses incurred in connection therewith.

20.7 Waiver of Defenses. The Claimholder, being a sophisticated entity with access to counsel, irrevocably waives and forever and unconditionally releases, discharges and quitclaims any claims, counterclaims, defenses, causes of action, remedies or rights that it has or may have in the future arising from any doctrine, rule or principle of law or equity that this Agreement or the relationships and transactions contemplated by this Agreement (a) are against the public policy of any relevant jurisdiction; (b) are unconscionable or contravene any laws relating to consumer protection; (c) are usurious or call for payment of interest at a usurious rate; or (d) constitute champerty, maintenance, barratry or any impermissible transfer or assignment of property or choses in action. The Parties specifically agree that any issues concerning the scope or validity of the foregoing waiver shall be within the exclusive jurisdiction of the Tribunal.

21. Waiver of Trial by Jury. Each of the Parties hereby waive trial by jury in any action or proceeding to which they may be parties, arising out of or in any way pertaining to this Agreement (other than with respect to the Subject Claim). It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Agreement. This waiver is knowingly, willingly and voluntarily made by each of the Parties, and each of the Parties hereby represent that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Parties further represent that they have had the opportunity to be represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel.

22. Legality. The Claimholder, hereby declares and agrees that this Agreement, including the arrangement between the Parties and Nominated Lawyer contemplated thereby, does not violate (and irrevocably agrees not to assert any claim it may have to enforce or any defense based on) any civil or criminal law of the United States of America or the United States of Mexico, including any prohibition on champerty, maintenance, or barratry that may exist. The Claimholder further agrees to take all appropriate measures to oppose any assertion by any third party that this Agreement, including the arrangement between the Parties and Nominated Lawyers contemplated thereby, is unlawful as a violation of any prohibition on champerty, maintenance, or barratry or otherwise.

23. Miscellaneous Provisions.

23.1 Entire Agreement; Binding Effect; Assignment. This Agreement, together with each Statement of Subject Claim executed by the Parties, shall constitute the entire agreement between the Parties, and shall supersede all prior agreements, understandings and negotiations between the Parties with respect to the subject matter thereof. To the extent that the Parties entered into any earlier confidentiality or other agreements, those agreements are hereby terminated and this Agreement shall solely govern the Parties' relationship. This Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective successors, assigns, and legal representatives. Except as otherwise provided herein, neither this Agreement nor any rights, interests, obligations or duties arising hereunder, may be assigned or otherwise conveyed by Claimholder without the express consent in writing of the Funder. The Funder may assign its rights and obligations under this Agreement without the consent of the Claimholder and may also appoint a servicing entity to administer this Agreement.

23.2 Amendments; Waivers. Any amendment or modification of any provision of this Agreement must be in writing and bear the signature of a duly authorized representative of each Party. No term or provision of this Agreement may be waived except in a written instrument that bears the signature of a duly authorized representative of each Party. No delay on the part of either Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, and no single or partial exercise of any right, power or remedy by any Party hereunder shall preclude any further exercise thereof

23.3 Survival. The provisions of this Agreement relating to representations and warranties, confidentiality, indemnity, tax, limitation of liability, and dispute resolution shall survive termination or expiration of this Agreement, as shall a general obligation to pay any Proceeds pursuant to the terms of this Agreement.

23.4 Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any Person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other Persons, places and circumstances shall remain in full force and effect.

23.5 Notices. All notices, reports, legal service and other communications (a "**Notice**") required or permitted under this Agreement shall be in writing. Notices shall be delivered by hand, internationally recognized overnight air courier service, fax or email to the Parties at their addresses and numbers indicated on Schedule 3 to this Agreement or at such other addresses or numbers as may be specified hereafter in writing by a Party to the other Party in accordance with this Section 23.5. Any Notice shall be deemed to have been delivered and received (a) on the date delivered, if delivered personally by hand or sent by internationally recognized overnight air courier or (b) on the date sent if sent by fax or email. Any Notice that is sent by fax or email must be confirmed by sending, within one (1) Business Day of transmission of the electronic communication, a hard paper copy thereof to the recipient by hand delivery or by internationally recognized overnight air courier; provided, however, that the effective date of such notice shall be as specified in clause (b) above, and if the recipient actually receives the fax or email, then the Notice shall be deemed to have been given and delivered as of the date sent even if the recipient never receives a hard copy as called for in this Section 23.5.

23.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Parties. Copies of executed counterparts may be exchanged by facsimile, email or other electronic transmission, and such an exchange shall constitute effective delivery by the Parties of their respective executed counterparts.

23.7 Force Majeure. Any delay or failure of either Party to perform its obligations under this Agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such Party's control, without such Party's fault or negligence and that by its nature could not have been foreseen by such Party or, if it could have been foreseen, was unavoidable (which events may include natural disasters, embargoes, explosions, riots, wars or acts of terrorism) (each, a "**Force Majeure Event**"). A Party's financial inability to perform, changes in cost or availability of services, market conditions or contract disputes will not excuse performance by Funder under this Section 23.7. Each Party shall give the other Party prompt written notice of any event or circumstance that is reasonably likely to result in a Force Majeure Event, and the anticipated duration of such Force Majeure Event. The Parties shall use all diligent efforts to end the Force Majeure Event, ensure that the effects of any Force Majeure Event are minimized and resume full performance under this Agreement.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO

INTERNATIONAL CLAIMS ENFORCEMENT AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Initial Effective Date and the Restated Effective Date.

FUNDER:

POPLAR FALLS LLC

By: _____
Name: James C. Little
Title: Authorized Person

CLAIMHOLDER:

ODYSSEY MARINE EXPLORATION, INC.

By: _____
Name: Mark D. Gordon
Title: CEO

EXPLORACIONES OCEANICAS S. DE R.L. DE C.V.

By: _____
Name: Jay Nudi
Title: Treasurer

INTERNATIONAL CLAIMS ENFORCEMENT AGREEMENT

SCHEDULE 1

DEFINITIONS

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, in the context of a commercial entity, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote a majority of the securities having voting power for the election of directors or managers (or other Persons acting in similar capacities) of such Person or otherwise to direct or cause the direction of the management and policies of such Person through the ownership of voting securities, by contract or otherwise.

"**Bankruptcy Law**" means the federal Bankruptcy Code, Title 11 of the United States Code, as amended from time to time.

"**Business Day**" means any day other than (i) a Saturday or Sunday, or (ii) a day on which banks are required or authorized by law to close in New York, New York, USA.

"**Collateral**" means the Subject Claim and any Proceeds therefrom.

"**Common Interest Material**" means any Confidential Information that is the work product of qualified legal advisers or attorney work product, protected by the attorney-client privilege or any similar privilege in any jurisdiction including, for the avoidance of doubt, legal professional privilege or litigation privilege, or that is protected by any rules of professional secrecy in any jurisdiction, including: (i) information prepared by a party to a Subject Claim or their Representatives; and (ii) information prepared by the Funder, its Representatives or their respective investment advisers in connection with a Subject Claim or this Agreement, including legal and factual memoranda, case analyses and evaluations.

"**Confidential Information**" means any non-public, confidential or proprietary information relating to: (i) the Funder and its Representatives, including the existence or terms of this Agreement and the discussions and negotiations related thereto and information provided by them about their business and operations or the structures and economic arrangements they use in their business (except the tax treatment and tax structure); (ii) the Subject Claim, including the names of the parties and potential other parties to such claims, the factual, legal, technical, economic and financial background of such claims, and the procedural status, theories, strategies and tactics for the prosecution or defense of such claims; (iii) billing arrangements, rates, financial or fee arrangements; (iv) any financial statements, accounts or other similar information or materials; (v) business or financial information, business plans and relationships, marketing or product data; (vi) algorithms, computer data bases, computer programs, computer software and systems, intellectual property, trade secrets and trademarks; (vii) research, scientific data, specifications, technical data, techniques and technology; and (viii) other proprietary or non-public information, data or material; in all cases regardless of whether such information is (A) written or oral, irrespective of the form or storage medium, and (B) specifically identified as "Confidential." Confidential Information does not include information that (i) was or becomes generally available to the public other than as a result of a disclosure by the Recipient; (ii) was available to the Recipient on a non-confidential basis prior to its disclosure; or (iii) was developed independent of the information derived from the Confidential Information.

"**Disclosing Party**" means the Party to this Agreement disclosing or providing Confidential Information.

"**Distribution Date**" means, with respect to any Proceeds, the date that is five (5) Business Days following any date on which a Proceeds Recipient deposits such Proceeds into the Escrow Account.

"**Documentation**" means any and all material information relating to the Subject Claim, including any and all Confidential Information and Common Interest Material, in the possession or control of the Claimholder, as applicable in whatever form, and includes any document including copies, records, electronic files (including without limitation any correspondence) or any other way of representing or recording information which contains or is derived or copied from such, but excludes information given orally unless committed to writing.

"**Encumbrance**" means any (i) mortgage, pledge, lien, charge, hypothecation, adverse claim, right of set-off or counterclaim, security interest or other encumbrance, security agreement or trust securing any obligation of any Person or arrangement of any kind; (ii) purchase or option agreement or arrangement; (iii) subordination agreement or arrangement; and (iv) agreements to create or effect any of the foregoing or which have a similar or analogous nature or effect.

"**Escrow Account**" means an escrow account (whether a bank account, securities account or other similar account) selected by the Claimholder with the approval of the Funder, established by and in the sole control of the Nominated Lawyer (other than control for the purposes of perfection under the laws of the United Kingdom) and used solely to hold in trust the Proceeds in accordance with this Agreement.

"**Fees and Expenses**" means

(a) all reasonable and documented costs incurred by the Claimholder in pursuit, prosecution or enforcement of the Subject Claim, including the fees and expenses associated with this Agreement, the reasonable and documented fees and expenses of Legal Representatives, the Nominated Lawyer and experts and advisors retained by the Claimholder, Legal Representatives or the Nominated Lawyer in connection with the Subject Claim, and any contingency fee or other similar agreement between the Claimholder and such counsel, experts or advisors;

(b) all reasonable and documented internal personnel costs for dedicated litigation support, and out of pocket expenses incurred by the Claimholder in pursuit, prosecution or enforcement of the Subject Claim; and

(c) all other expenses required to be paid by the Claimholder in pursuit, prosecution or enforcement of the Subject Claim and other amounts in respect of other appropriate uses, each as approved in advance by the Funder in its sole discretion, including without limitation, incentive compensation plans and similar arrangements that Claimholder deems necessary to institute in connection with the pursuit, prosecution or enforcement of the Subject Claim.

The Parties acknowledge that Fees and Expenses may include professional fees and costs incurred by the Funder or Affiliates of the Funder, including fees for legal services provided to the Funder or its Affiliates by Halcyon Law Group, PLLC, an Affiliate of Funder, or Nelson Mullins Riley & Scarborough LLP. At the election of the Claimholder, Fees and Expenses may include judicial bonds, adverse costs orders or awards issued by a court of competent jurisdiction against the Claimholder regarding a Subject Claim; provided, however, that such adverse costs orders or awards shall bear interest at a rate of 10% per annum, compounded annually, until received by the Funder as part of the return of Fees and Expenses pursuant to Section 7.4.

"**Governmental Authority**" means any national, federal, state, provincial, county, municipal, regional or local government, foreign or domestic, or any other political subdivision thereof, and any entity, agency, department, bureau, commission, court, tribunal, arbitrator(s) or similar instrumentality or quasi-governmental body exercising executive, legislative, judicial, regulatory or administration functions of or pertaining to any government or other political subdivision thereof.

"**Insolvency Proceeding**" means, with respect to the Funder, (a) if any proceeding is commenced against the Funder as "debtor" for any relief under the U.S. Bankruptcy Code or any insolvency laws, or laws relating to the relief of debtors, reorganizations, arrangements, compositions or extensions and is not dismissed within 60 days after such proceedings have been commenced, or (b) if the Funder commences any proceeding for relief under the U.S. Bankruptcy Code or any insolvency laws or laws relating to the relief of debtors, reorganizations, arrangements, compositions or extensions.

"**Limited Encumbrance**" means one or more encumbrances on the Subject Claim or Proceeds that, in the aggregate, (a) does not exceed 49% of the value of the Subject Claim; (b) does not cause a change of control of the Claimholder or the management team responsible for decision-making with regard to the Subject Claim; and (c) is reflected in writing, signed by the Person to which such Encumbrance is granted, reflecting agreement that such Person's right to enforce such Encumbrance is subordinated to the Funder's rights under this Agreement.

"**Legal Representative**" means, with respect to the Claimholder regarding a Subject Claim, any Person that is legally authorized to represent the Claimholder in connection with such Subject Claim and act on behalf of the Claimholder in connection with all proceedings related to such Subject Claim, including without limitation, any Person acting as attorney, legal counsel, collection agent, legal consultant or any other similar agent of the Claimholder regarding such Subject Claim.

"**Nominated Lawyers**" means the lead special litigation counsel or counsels specified in Schedule 2 selected and engaged by the Claimholder with advance written notice to the Funder; provided, however, that no Nominated Lawyer shall be an Affiliate of Funder.

"**Person**" means any natural person, corporation, partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust or other organization whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

"**Proceeds**" means, with respect to the Subject Claim: (i) any and all gross, pre-tax monetary awards, damages, recoveries, judgments or other property or value recovered by or on behalf of (or reduced to a debt owed to) the Claimholder on account or as a result or by virtue of (directly or indirectly) the Subject Claim, including any recoveries that may result from Claimholder criminal proceedings, whether by negotiation, arbitration, mediation, diplomatic efforts, lawsuit, settlement, criminal penalties, or otherwise, and includes all of the Claimholder's legal or equitable rights, title and interest in or to any of the foregoing, whether in the nature of ownership, lien, security interest or otherwise; plus (ii) any recovered interest, penalties, attorneys' fees and costs in connection with any of the foregoing; plus (iii) any consequential, actual, punitive, exemplary or treble damages awarded or recovered on account thereof; plus (iv) any interest awarded or later accruing on any of the foregoing; plus (v) any recoveries against attorneys, accountants, experts, officers or other related parties in connection with any of the foregoing. For the avoidance of doubt, Proceeds includes cash, real estate, negotiable instruments, intellectual or intangible property, choses in action, contract rights, membership rights, subrogation rights, annuities, claims, refunds, and any other rights to payment of cash or transfer(s) of things of value or other property (including property substituted therefor), whether delivered or to be delivered in a lump sum or in installments, in relation to any claim or negotiation with any Person in relation to the Subject Claim, and shall include any award of rescissionary, punitive, consequential, treble or exemplary damages or penalties assessed against any adverse party from time to time. Proceeds also includes any value conveyed to any Person in connection with the Subject Claim or the resolution or termination thereof, to the extent the Claimholder is entitled to a share thereof. Proceeds also include In-Kind Proceeds.

"**Proceeds Recipient**" means, with respect to any Proceeds, the Claimholder, any Representative (including any Legal Representative) of the Claimholder, and any other Person that receives such Proceeds on behalf of the Claimholder.

"**Recipient**" means the Party to this Agreement receiving Confidential Information.

"**Reporting Requirement**" means (x) a quarterly report ("**Quarterly Report**") provided promptly after at the end of each calendar quarter by the Claimholder to the Funder as to (i) the status of the Subject Claim and any meaningful developments during the quarter, including copies of any court filings or similar documents and, (ii) the Claimholder's billings and accrued expenses attributable to such calendar quarter in respect of the Subject Claim, or (y) a quarterly conference call between the Claimholder and the Funder (or a Representative of the Funder) covering topics that are substantially similar to the topics covered by a Quarterly Report but with respect to the calendar month preceding the month in which the conference call takes place.

"**Representatives**" means, with respect to any Person (other than an individual) such Person's directors, officers, managers, members, partners, principals, employees, shareholders, Affiliates, related entities, agents, reinsurers, lawyers, accountants, consultants, advisors and independent contractors. Where applicable, the term Representatives includes Legal Representatives.

"**Subject Claims**" means: any and all related pre- and post-arbitral proceedings or processes in or in connection with the Stated Claim, including the pursuit of costs or post-judgment remedies;

(i) all appellate or annulment proceedings and proceedings on remand, as well as enforcement, ancillary, parallel or alternative dispute resolution proceedings and processes arising out of or related to the acts or occurrences alleged in the Stated Claim (including without limitation arbitration, conciliation or mediation);

(ii) re-filings or parallel filings of the Stated Claim and any other legal, diplomatic or administrative proceedings or processes founded on the underlying facts giving rise to or forming a basis for the Stated Claim and involving one or more adverse parties, in which any defendant or any defendant's successor(s) in interest or assigns or affiliates is a party;

(iii) ancillary or enforcement proceedings related to the facts or claims alleged from time to time or that could have been alleged in the Stated Claim at any time; and

(iv) all arrangements, settlements, negotiations, or compromises made between the Claimholder, as applicable, and any adverse party having the effect of resolving any of the Claimholder's claims against any adverse party that are or could be or could have been brought in the Stated Claim.

"**Subject Claim Impairment**" means: (i) any right or interest of any Person or authority whatsoever in respect of the Subject Claim or the Proceeds or any part thereof, the effect of which is or would be to reduce, impair or otherwise materially or prejudicially affect the Subject Claim or the Proceeds or any part thereof; (ii) any claim or action of any Person or authority whatsoever in respect of the Subject Claim or the Proceeds or any part thereof, the effect of which, if determined adversely, is or would be to reduce, impair or otherwise materially and prejudicially affect the Subject Claim or the Proceeds or any part thereof; or (iii) any right of set-off, counterclaim, cross claim or impairment of any person in respect of the Subject Claim or the Proceeds.

"**Tax**" means any tax, duty, contribution, impost, withholding, levy or other charge or withholding of a similar nature (including use, sales and value added taxes), whether domestic or foreign, and any fine, penalty, surcharge or interest in connection therewith.

"**Trigger Date A**" means the date on which the Claimholder ceases the Subject Claim for any reason other than (i) a full and final arbitral award against the Claimholder or (ii) a full and final monetary settlement of the claims.

"**Trigger Date B**" means the date on which Proceeds are deposited into the Escrow Account.

INTERNATIONAL CLAIMS ENFORCEMENT AGREEMENT

SCHEDULE 2

NOMINATED LAWYER

Cooley LLP
Dashwood
69 Old Broad Street
London, UK EC2M 1QS
Attention: James Maton
Email: jmaton@cooley.com

Cooley LLP
55 Hudson Yards
New York, NY 10001-2157
Attention: Rachel Thorn
Email: rthorn@cooley.com

INTERNATIONAL CLAIMS ENFORCEMENT AGREEMENT

SCHEDULE 3

NOTICE

If to the Claimholder or Claimholder Representative:

Odyssey Marine Exploration, Inc.
205 S. Hoover Boulevard
Suite 210
Tampa, Florida 33609
Attention: Mark D. Gordon
Email: mark@odysseymarine.com

Attention: John D. Longley, Jr.
Email: jlongley@odysseymarine.com

With a copy to (which shall not constitute notice):

Cooley LLP
55 Hudson Yards
New York, New York 10001-2157
Attention: Rachel Thorn
Email: rthorn@cooley.com

Attention: James Maton
Email: jmaton@cooley.com

If to the Funder:
Poplar Falls LLC
c/o The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801, USA
Attention: James Little

Email: jim@drumcliffepartners.com

With a copy to (which shall not constitute notice):

Halcyon Law Group PLLC
12020 Sunrise Valley Drive, Suite 100
Reston, Virginia 20191, USA
Attention: Scott Little
Email: scott.little@halcyonlawgroup.com

With a copy to (which shall not constitute notice):

Nelson Mullins Riley & Scarborough LLP
100 S. Charles Street, Suite 1600
Baltimore, Maryland 21201, USA
Attention: Timothy A. Hodge, Jr.
Email: Tim.Hodge@nelsonmullins.com

Exhibit 10.40

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

CONVERTIBLE PROMISSORY NOTE

No. 19-005 **Date of Issuance**
$490,000 **January 29, 2020**

FOR VALUE RECEIVED, **ODYSSEY MARINE EXPLORATION, INC.**, a Nevada corporation (the "**Company**"), hereby promises to pay to 37North Capital SPV 11, LLC (the "**Lender**"), the principal sum of Four Hundred Ninety thousand Dollars ($490,000), together with all other amounts due under this Note. Unless earlier converted into Conversion Shares pursuant to Section 2(b) or repaid pursuant to Section 4 of the Note Purchase Agreement, executed December 6, 2019, 2019 (the "**Purchase Agreement**"), between the Company and the Lender, the principal amount outstanding and all other amounts due hereunder shall be due and payable by the Company on demand by the Lender at any time after Maturity Date (as defined in the Purchase Agreement).

This Note was issued pursuant to the Purchase Agreement, and capitalized terms not defined herein shall have the meaning set forth in the Purchase Agreement.

Section 1. Payment. All payments shall be made in lawful money of the United States of America at the address of the holder of this Note reflected in the Company's records or at such other place as the holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to Costs (as defined below), if any, then to accrued interest, if any, due and payable, and any remainder applied to principal. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

Section 2. Conversion of the Note. The Applicable Conversion Amount shall be convertible pursuant to and in accordance with the terms of Section 2(b) of the Purchase Agreement (subject to the limitations set forth in Section 2(b)(iv) of the Purchase Agreement). As promptly as practicable after the conversion of this Note, the Company at its expense shall, upon surrender of this Note, issue and deliver to the holder of this Note a certificate or certificates for the number of full Conversion Shares issuable upon such conversion.

Section 3. Events of Default and Remedies. If an Event of Default (as defined in the Purchase Agreement), the holder of this Note shall be entitled to exercise the remedies set forth in Section 7(b) of the Purchase Agreement.

Section 4. Lost Documents. Upon receipt by the Company of evidence and indemnity satisfactory to it of the loss, theft, destruction or mutilation of, and upon surrender and cancellation of this Note, if mutilated, the Company will make and deliver in lieu of this Note a new note of the same series and of like tenor and unpaid principal amount.

Section 5. Amendments and Waivers; Resolutions of Dispute; Notice. The amendment or waiver of any term of this Note, the resolution of any controversy or claim arising out of or relating to this Note, and the provision of notice shall be conducted pursuant to the terms of the Purchase Agreement.

Section 6. Successors and Assigns. This Note applies to, inures to the benefit of, and binds the successors and assigns of the parties hereto; provided, however, that the Company may not assign its obligations under this Note without the written consent of the Lender. Any transfer of this Note may be effected only pursuant to the Purchase Agreement and by surrender of this Note to the Company and reissuance of a new note to the transferee. The Lender and any subsequent holder of this Note receives this Note subject to the foregoing terms and conditions, and agrees to comply with the foregoing terms and conditions for the benefit of the Company and any other Lenders.

Section 7. Expenses. The Company hereby agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note ("**Costs**") in endeavoring to collect any amounts payable hereunder that are not paid when due, whether by declaration or otherwise. The Company agrees that any delay on the part of the holder in exercising any rights hereunder will not operate as a waiver of such rights. The holder of this Note shall not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the party or parties waiving such rights or remedies.

Section 8. Governing Law. This Note shall be governed by and construed under the laws of the State of Florida as applied to other instruments made by Florida residents to be performed entirely within the State of Florida.

ODYSSEY MARINE EXPLORATION, INC.

By: _____
Mark D. Gordon
Chief Executive Officer

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
Bismarck Mining Corporation (PNG) Limited (4)	Papua New Guinea

(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.
(4) The Registrant holds a direct [79.87] interest in this company.

Ferlita, Walsh, Gonzalez & Rodriguez, P.A.
Certified Public Accountants

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

Members:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Registered with Public Company Accounting Oversight Board

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-3, SEC File No.333-227666, and the Registration Statements on Form S-8, SEC File Nos. 333-232629, 333-213438, 333-205328, 333-168611, 333-50325, 333-134631 and 333-166130 of Odyssey Marine Exploration, Inc. and subsidiaries of our report dated March 11, 2019, 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, 2019.

Ferlita, Walsh, Gonzalez & Rodriguez, P.A.

FERLITA, WALSH, GONZALEZ & RODRIGUEZ, P.A.
Certified Public Accountants
Tampa, Florida

March 18, 2020

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

Warren Averett
CPAs AND ADVISORS

400 North Ashley Drive, Suite 700
Tampa, FL 33602
813.229.2321
warrenaverett.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-3, SEC File No. 333-227666, and Registration Statements on Form S-8, SEC File Nos. 333-213438, 333-205328, 333-168611, 333-50325, 333-134631 and 333-166130 of Odyssey Marine Exploration, Inc. and Subsidiaries, of our report dated March 16, 2020 on the consolidated financial statements of Odyssey Marine Exploration, Inc. and Subsidiaries, in this Annual Report on Form 10-K for the year ended December 31, 2019.

/s/ Warren Averett, LLC

Tampa, Florida
March 16, 2020

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 30, 2020

/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 30, 2020

/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, 2019, 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 30, 2020

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, 2019, 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 30, 2020

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.