





MERMAID MARINE  
AUSTRALIA LTD

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ABN 21 083 185 693

18 May 2007

Dear Shareholder

## SHARE PURCHASE PLAN

The directors of Mermaid Marine Australia Limited ABN 21 083 185 693 (**MMA**) are pleased to offer MMA shareholders the opportunity to purchase additional shares in MMA through a Share Purchase Plan (**SPP**).

The purpose of the SPP is to assist in funding the purchase of a 2006 built Anchor Handling Tug for \$7m, which was recently approved by the MMA Board, and to provide ongoing working capital for MMA.

This offer is being extended to all eligible shareholders on MMA's share register as at 5.00pm (Perth time) on 17 May 2007 (**Record Date**).

Under the SPP, MMA is providing eligible shareholders with the opportunity to subscribe for up to \$5,000 worth of additional shares at \$1.35 per share, rounded up to the nearest whole share (the **new shares**). This issue price represents a discount of approximately 10% to the volume weighted average price (**VWAP**) of MMA's shares over the 5 trading days before 2 May 2007 (being the date the SPP was announced) and a discount of approximately 12% to the VWAP of MMA's shares over the period commencing 2 May 2007 up to and including 17 May 2007 (being the Record Date).

Please note that the market price of MMA shares may rise or fall before the issue of new shares under the SPP, and therefore the issue price of the new shares may exceed or be less than the market price of MMA shares at the time of issue.

If you are eligible to participate in the SPP, you may select **only one** of the following offers to purchase new shares in MMA:

- 741 new shares at a purchase price of \$1,000;
- 1,482 new shares at a purchase price of \$2,000;
- 2,223 new shares at a purchase price of \$3,000;
- 2,963 new shares at a purchase price of \$4,000; or
- 3,704 new shares at a purchase price of \$5,000.

### DAMPIER SUPPLY BASE

PO Box 822, KARRATHA WA 6714

Mermaid Road, DAMPIER WA 6713

T (+61) 8 9183 6600 F (+61) 8 9183 6660

### BROOME SUPPLY BASE

PO Box 3401, BROOME WA 6725

1 Port Drive, BROOME WA 6725

T (+61) 8 9192 2200 F (+61) 8 9192 2281

**Key dates**

Record date	17 May 2007
Closing date of offer	13 June 2007
Issue of new shares	19 June 2007
Quotation of new shares on ASX	20 June 2007

*Note: these dates are indicative only, and may be varied by MMA without notice to shareholders.*

Participation in the SPP is voluntary. If you wish to participate in the SPP, please read the enclosed booklet and Application Form which set out the terms and conditions of the offer, as you will be bound by them. You should then make your payment by BPay, or send in your completed Application Form and cheque, bank draft or money order to our share registry, Computershare Investor Services, so that it is received by 5.00pm (Perth time) on 13 June 2007.

If you have any questions about the SPP, please contact MMA's share registry, Computershare Investor Services, on 1300 557 010 (toll free).

Yours sincerely



Tony Howarth  
Chairman

**Mermaid Marine Australia Limited**

## SHARE PURCHASE PLAN

### INFORMATION BOOKLET

*This Information Booklet sets out the terms and conditions of the Mermaid Marine Australia Share Purchase Plan (SPP).*

#### 1. Offer of new shares under the SPP

The SPP provides eligible Mermaid Marine Australia Limited (MMA) shareholders with the opportunity to acquire additional shares in MMA up to the value of \$5,000 at an issue price of \$1.35 per share (**new shares**), without brokerage and other transaction costs.

The offer under the SPP is non-renounceable, which means you cannot transfer your right to acquire shares under the offer to anyone else.

You should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP.

#### 2. Eligible shareholders and participation

You are eligible to participate in the SPP if you were a registered holder of fully paid ordinary shares of MMA on 17 May 2007 with a registered address in either Australia or New Zealand.

If you are eligible to participate in the SPP, you may select **only 1** of the following offers to purchase new shares:

	<b>Number of new shares which may be purchased*</b>	<b>Total amount payable at \$1.35 per share</b>
Offer A	741 shares	\$1,000
Offer B	1,482 shares	\$2,000
Offer C	2,223 shares	\$3,000
Offer D	2,963 shares	\$4,000
Offer E	3,704 shares	\$5,000

*\*Note: the number of shares is rounded up to the nearest whole share.*

#### Important notes:

The maximum application amount of \$5,000 applies to **all** shareholders (irrespective of size of holding) even if you receive more than 1 offer from MMA (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts). This is because by law the maximum amount that may be raised from each eligible shareholder under a share purchase plan is \$5,000 in any 12 month period. By applying for new shares under the SPP, you confirm that the total amount of all shares purchased by you under the SPP **does not exceed \$5,000**.

However, if you act as a trustee or nominee in respect of more than 1 beneficiary, you may apply for up to \$5,000 of new shares for each occasion that you are separately recorded as a trustee or

nominee for a different beneficiary. MMA reserves the right to reject any application for new shares where it believes this requirement has not been complied with.

### **3. Issue price**

The issue price for each new share is \$1.35, rounded up to the nearest whole share for each offer of new shares described in section 2. This issue price represents a discount of approximately 10% to the volume weighted average price (**VWAP**) of MMA's ordinary shares traded on ASX during the 5 trading days before 2 May 2007 (being the date the SPP was announced) and a discount of approximately 12% to the VWAP of MMA's shares over the period commencing 2 May 2007 up to and including 17 May 2007 (being the Record Date).

You should note that the market price of MMA's shares could rise or fall between the date of this offer and the date when MMA allots the new shares to you. This means that the price you pay for every new share under this offer may exceed or be less than the market price of MMA's shares at the time the new shares are allotted to you under the SPP.

No brokerage or other transaction costs apply to the application for and allotment of new shares under the SPP.

### **4. Application for new shares**

You may apply for new shares by one of the methods set out on the enclosed Application Form. If you are paying by BPay you do not need to return the Application Form.

If you are paying by cheque, bank draft or money order, your Application Form, together with your cheque, bank draft or money order made payable to "Mermaid Marine Australia Limited - Share Purchase Plan" must be sent to MMA's share registry, Computershare Investor Services (at the address set out in the Application Form) so that they are received by 5.00pm (Perth time) on 13 June 2007 (**Closing Time**). A reply paid envelope is enclosed for your convenience.

You should allow adequate time for your payment to be received by the Closing Time. Applications received after the Closing Time will not be accepted.

### **5. Issue of new shares**

New shares will be issued on or about 19 June 2007. It is expected that the new shares allotted to you under the SPP will be quoted on ASX on or about 20 June 2007 and you should receive your holding statement or confirmation advice shortly after that date.

New shares will rank equally with existing fully paid ordinary shares in MMA and will carry the same voting rights, dividend rights and other entitlements at the allotment date.

### **6. Questions**

If you have any questions, please contact MMA's share registry, Computershare Investor Services, on 1300 557 010 (toll free).

### **7. Other terms and conditions**

Shareholders will be bound by the constitution of MMA and these terms and conditions by accepting the offer to acquire new shares under the SPP.

MMA has a broad discretion to accept or reject your application to purchase new shares under the SPP, including (without limitation) if:

- your application form is incorrectly completed or incomplete or otherwise determined by MMA to be invalid;
- your cheque is dishonoured or has not been completed correctly;
- your cheque is not made out for the exact amount of the parcel of new shares that you have selected on the application form;
- it appears that you are applying to subscribe for more than \$5,000 (in aggregate) of new shares; or
- MMA believes that you are not an eligible shareholder.

No interest will be paid on any application money returned to you.

If you apply to participate in the SPP by completing and returning the application form:

- your application, on these terms and conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- you acknowledge that you are eligible to participate in the SPP in accordance with these terms and conditions;
- you certify that you have not applied for new shares with an aggregate application price in excess of \$5,000 under the SPP in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on MMA's share register; and
- you irrevocably and unconditionally agree to the terms and conditions of the SPP.

The offer of new shares under the SPP is in accordance with ASIC Class Order CO 02/831 which grants relief from the requirement to prepare a disclosure document for the offer.

MMA reserves the right to reject any application for new shares under the SPP that it believes does not comply with the terms and conditions in this booklet. MMA may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determination by MMA will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates.

MMA reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where MMA does not notify one or more eligible shareholders of that event.



MERMAID MARINE AUSTRALIA LTD  
ABN 21 083 185 693

**Computershare**

Please return completed form to:  
Computershare Investor Services Pty Limited  
GPO Box D182 Perth  
Western Australia 6840 Australia  
Enquiries (within Australia) 1300 557 010  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 9323 2033  
web.queries@computershare.com.au  
www.computershare.com

000001  
000  
MRM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



**I 1234567890 I N D**  
Entitlement Number:  
Record Date: 17 May 2007  
Offer Closes: 5.00pm AWST on 13 June 2007  
Price per Share: A\$1.35

**SHARE PURCHASE PLAN APPLICATION FORM**

**IMPORTANT:**

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the Mermaid Marine Australia Limited Share Purchase Plan (SPP) contained in the letter to Mermaid Marine Australia Limited securityholders dated 18 May 2007, Mermaid Marine Australia Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$5,000.00 per eligible securityholder, subject to a minimum application of A\$1,000.00.

**If you do not wish to purchase additional shares under this offer there is no need to take action.**

By making your payment, you agree to be bound by the Constitution of Mermaid Marine Australia Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Mermaid Marine Australia Limited to subscribe for Mermaid Marine Australia Limited Shares on the terms of the SPP. In addition, by submitting this Application Slip you certify that the aggregate of the application price paid by you (including through joint and beneficial holdings) for:

- the Shares the subject of this Application Slip; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Slip, does not exceed \$5,000.00.

**METHOD OF ACCEPTANCE**

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Mermaid Marine Australia Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Mermaid Marine Australia Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Mermaid Marine Australia Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Mermaid Marine Australia Limited does not notify you of that event.

**This offer is Non-Renounceable - no Signature is required**  
**Applications can only be accepted in the name printed on this form**

**M R M**

**S P R B**

052838\_



**Mermaid Marine Australia Limited** Please see overleaf for Payment Options  
ABN 21 083 185 693



**Biller Code: 646976**  
**Ref No: 1234 1234 1234**

Pin  
cheque(s)  
here.  
Do not  
staple.

**I/We wish to purchase:**

741 shares or A\$1,000.00 **or**  1,482 shares or A\$2,000.00 **or**  2,223 shares or A\$3,000.00 **or**  2,963 shares or A\$4,000.00 **or**  3,704 shares or A\$5,000.00

\* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

**Payment Details**

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**Make your cheque or bank draft payable to MMA Limited - Share Purchase Plan**

**Contact Details**

Please provide your contact details in case we need to speak to you about this slip

**Name of contact person**

**Contact person's daytime telephone number**

# How to accept the Share Purchase Plan

## Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this slip if you are paying by electronic means.

By making your payment using either electronic means or by cheque, you confirm that you agree to all of the terms and conditions of the Share Purchase Plan as set out on this form and in the letter to Mermaid Marine Australia Limited securityholders dated 18 May 2007;

Alternatively, make your cheque, bank draft or money order payable to MMA Limited - Share Purchase Plan in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

**If paying by cheque, return the Application Slip and Cheque or Bank Draft in the envelope provided.**

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Share Purchase Plan Application Slip where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.**

## Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

## Lodgement of Application

If you are applying for shares and your payment is being made by BPay, you do not need to return this form. Your payment must be received by no later than 5.00pm (AWST) on 13 June 2007. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

If you are paying by cheque or bank draft, your Application Slip must be received at the Perth office of Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (AWST) on 13 June 2007. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return your Application Slip with cheque / or bank draft to either of the addresses listed below.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.**

This form may not be used to notify your change of address. For information, please contact CIS on 1300 557 010 or visit [www.computershare.com](http://www.computershare.com) (certificated/issuer sponsored holders only).

**CHES holders must contact their Controlling Participant or notify of a change of address**

## Payment Options:



Billers Code: 646746

Ref No: 1234 1234 1234

Telephone & Internet Banking – BPay

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: [www.bpay.com.au](http://www.bpay.com.au)



**By Mail**  
Mermaid Marine Australia Limited  
Computershare Investor  
Services Pty Limited  
GPO BOX D182  
Perth, Western Australia 6840  
AUSTRALIA



**In Person**  
Computershare Investor  
Services Pty Limited  
Level 2  
45 St Georges Terrace  
Perth, Western Australia 6000



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN TAS 7000

052838  
SPRB  
MRM

