

2 December 2008



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MMA Signs Sublease with Chevron for Gorgon Project

Mermaid Marine Australia Ltd (MMA) is pleased to announce that it has signed a formal Sublease with Chevron Australia Pty Ltd (Chevron) to support the development of the Gorgon Project. MMA announced in May 2008 that it had entered into an Agreement to Sublease with Chevron and negotiations between the parties have now been finalised.

The Sublease takes in an area of approximately 56,000 square metres (about 40%) of MMA's Dampier multi user Supply Base and will be developed by MMA as part of its plans to build a long term facility able to be used for many future projects. During the term of the Sublease the facility will be used by Chevron to underpin the movement of cargo between Dampier and Barrow Island. The Sublease term is five years with an option to extend another five years. The cost of the upgrade work is estimated to be in the order of A\$50 million. Lease payments will commence upon occupancy of the leased area by Chevron. MMA will finance the upgrade work through existing cash reserves and debt facilities.

The Gorgon Project is a joint venture between Chevron (Operator), Exxon Mobil and Shell to develop the Greater Gorgon gas fields, located between 130km and 200km off the north-west coast of Western Australia.

The Managing Director, Mr Jeffrey Weber said "Signing of the Sublease represents another positive step forward in the relationship between MMA and Chevron and is an encouraging outcome for the overall development of the Gorgon Project. MMA's Dampier Supply Base will, once the upgrade work is completed, provide a key element of the construction supply chain. MMA is delighted to be part of this world scale project and looks forward to working with Chevron to achieve a successful result".

The contract value is up to approximately A\$100 million over the initial term of the lease.

MMA is also currently undertaking a major upgrade of the Dampier Supply Base wharf which will effectively double its wharf capacity. MMA is managing the construction of this wharf directly and is pleased to be able to report that it is running on time and on budget. The overall wharf extension is expected to be completed by May 2009. MMA also recently completed the construction of a 2,250 square metre warehouse in Dampier. Both of these infrastructure developments will support multiple clients operating in the region in addition to the Gorgon Project.

For further information please contact:

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