

18<sup>th</sup> October 2013

The Listing Manager  
Australian Securities Exchange Ltd  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam,

**RE: MERMAID MARINE AUSTRALIA LIMITED (“COMPANY”) – NOTICE OF 2013 ANNUAL GENERAL MEETING**

Pursuant to Listing Rule 3.17, please find **attached** a copy of the following documents which have been mailed to the Company’s shareholders today:

- Notice of Annual General Meeting; and
- Proxy Form.

A copy of the Company’s 2013 Annual Report was released to the ASX on 20<sup>th</sup> September 2013 and is available for review on the Company’s website at [www.mma.com.au](http://www.mma.com.au).

Kind Regards  
**MERMAID MARINE AUSTRALIA LIMITED**



**DYLAN ROBERTS**  
General Manager Legal / Company Secretary

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (**AGM or Meeting**) of members of Mermaid Marine Australia Limited ABN 21 083 185 693 (**Company**) will be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia 6000 on Thursday, 21 November 2013 at 10.30am (Perth time).

### **BUSINESS**

#### **Item 1. Annual Financial Report, Directors' Report and Auditor's Report**

To consider the Annual Report of the Company for the period ended 30 June 2013, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### **Item 2. Adoption of the Remuneration Report**

To consider and, if thought fit, to pass the following as an ordinary resolution:

##### **Resolution 1**

*"That the Remuneration Report for the year ended 30 June 2013 be adopted."*

The Remuneration Report is set out in the 2013 Annual Report. Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

##### **Voting Prohibition Statement for Resolution 1**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) both of the following apply:
  - (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
  - (ii) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; or
- (d) all of the following apply:
  - (i) the person is the Chairman of the meeting; and
  - (ii) the Chairman does so as a proxy appointed by writing that does not specify how the proxy is to vote on Resolution 1; and
  - (iii) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; and
  - (iv) the Shareholder/s on whose behalf the Chairman is acting as proxy marks/mark the box on the proxy form, directing the Chairman to vote in accordance with the Chairman's stated voting intentions (where the Shareholder/s has/have not indicated in the proxy form a different voting intention for Resolution 1).

### **Item 3. Re-election of Mr. Hugh Andrew Jon (Andrew) Edwards as a Director**

To consider and, if thought fit, to pass the following as an ordinary resolution:

#### **Resolution 2**

*"That Mr. Andrew Edwards, who will retire as a Director by rotation in accordance with rule 3.6 of the Company's Constitution and who is eligible for re-election as a Director in accordance with rule 3.5 of the Company's Constitution, and who offers himself for re-election, be re-elected as a Director."*

### **Item 4. Re-election of Mr. Mark Bradley as a Director**

To consider and, if thought fit, to pass the following as an ordinary resolution:

#### **Resolution 3**

*"That Mr. Mark Bradley, who will retire as director by rotation in accordance with rule 3.6 of the Company's Constitution and who is eligible for re-election as a Director in accordance with rule 3.5 of the Company's Constitution, and who offers himself for re-election, be re-elected as a Director."*

### **Item 5. Approval of Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2013**

To consider and, if thought fit, to pass the following as an ordinary resolution with or without amendment:

#### **Resolution 4**

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and section 260C(4) of the Corporations Act and for all other purposes, the Shareholders approve the Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2013, the terms of which are summarised in Item 5 and Schedule 1 of the accompanying Explanatory Statement, and the issue of securities under it."*

#### **Voting Prohibition Statement for Resolution 4**

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either;
  - (i) a member of the key management personnel for the Company; or
  - (ii) a closely related party of a member of the key management personnel for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 4.

However, the above prohibition does not apply if:

- (c) the proxy is the Chairman of the meeting; and
- (d) the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

### **Voting Exclusion**

The Company will disregard any votes cast on Resolution 4 by:

- (a) Mr. Jeffrey Weber and any other Director who is eligible to participate in any employee incentive scheme in relation to the Company; and
- (b) an associate of any of those persons.

However, the Company will not disregard a vote (subject to the prohibitions described above) if:

- (c) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## **Item 6. Grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber**

To consider and, if thought fit, to pass the following as an ordinary resolution with or without amendment:

### **Resolution 5**

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve and authorise the grant of 346,023 performance rights over ordinary shares in the Company to the Managing Director, Mr. Jeffrey Weber, pursuant to the Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2013, the terms of which are summarised in Item 5 and Schedule 1 of the accompanying Explanatory Statement."*

### **Voting Prohibition Statement for Resolution 5**

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- a) the proxy is either:
  - (i) a member of the key management personnel for the Company; or
  - (ii) a closely related party of a member of the key management personnel for the Company; and
- b) the appointment does not specify the way the proxy is to vote on Resolution 5.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the meeting; and
- d) the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

### **Voting Exclusion**

The Company will disregard any votes cast on Resolution 5 by:

- (a) Mr. Jeffrey Weber and any other Director who is eligible to participate in any employee incentive scheme in relation to the Company; and
- (b) an associate of any of those persons.

However, the Company will not disregard a vote (subject to the prohibitions described above) if:

- (c) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or

- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## **Item 7. Other Business**

Members are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Meeting.

**BY ORDER OF THE BOARD**



**Dylan Darbyshire-Roberts**  
**Company Secretary**  
**Fremantle, Western Australia**  
**Date: 18 October 2013**

***The Notice of Annual General Meeting, Explanatory Statement and proxy form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek professional advice from their accountant, solicitor or other professional adviser prior to voting.***

## **EXPLANATORY STATEMENT**

This Explanatory Statement and all attachments form part of this Notice of Meeting (**Notice**) and are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Notice, including the Explanatory Statement, please contact your professional adviser.

## **GENERAL INFORMATION**

This Explanatory Statement has been prepared for the shareholders of the Company (**Shareholders**) in connection with the AGM of the Company to be held at 10.30am (Perth time) on Thursday, 21 November 2013 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia 6000.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

## **THE FOLLOWING DOCUMENTS RELATE TO THE AGM:**

- Notice of Meeting, including the Explanatory Statement;
- Proxy form and return envelope; and
- Appointment of a corporate representative (for shareholder companies).

If you are attending the AGM in Perth and have not lodged a proxy form, please bring the proxy form with you to assist with registration.

If you are not attending the AGM in Perth, you can lodge a completed proxy form by returning it in the enclosed envelope or alternatively deliver it by:

- facsimile; or
- hand delivery,

to the Company's share registry, Computershare Investor Services Pty Ltd (**Share Registry**).

Please be aware that the proxy form needs to be received by the Company's Share Registry by no later than 10.30am (Perth time) on Tuesday, 19 November 2013. Proxy forms received after this time will be invalid. Further details on lodging your proxy form can be found on the reverse side of the proxy form.

## Information about voting

- (a) The Company has determined that, for the purposes of the AGM, all shares in the Company shall be taken to be held by the person who held shares as a registered shareholder at 5.00pm (Perth time) on Tuesday, 19 November 2013 (**Effective Time**).
- (b) All holders of shares in the Company as at the Effective Time are entitled to attend and vote at the AGM and may appoint a proxy to attend the AGM and vote in their stead.
- (c) A proxy need not be a member of the Company.
- (d) The proxy form sent with this Notice should be used for the AGM.
- (e) Each Shareholder who is entitled to cast 2 or more votes at the AGM may appoint 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes, each proxy may exercise half of the votes. An additional proxy form will be supplied by the Company on request.
- (f) In the case of an individual, a proxy form must be signed by the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy form must be executed by the corporation pursuant to section 127 of the *Corporations Act 2001* (Cth) (**Corporations Act**) or be signed by a duly authorised officer or attorney of that corporation.
- (g) Any member may, by power of attorney, appoint an attorney to act on his or her behalf and such power of attorney or certified copy of the power of attorney must be received by the Company as specified in paragraph (l).
- (h) Any corporation which is a member of the Company may appoint a representative to attend and vote for that corporation at the AGM. Appointments of representatives by corporations must be received by the Company as specified in paragraph (l) or handed in at the AGM when registering as a corporate representative.
- (i) **Proxy vote if appointment specifies way to vote**

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (iii) if the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie as directed); and
- (iv) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

(j) **Transfer of non-Chairman proxy to Chairman in certain circumstances**

Section 250BC provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (ii) the appointed proxy is not the Chairman of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either of the following applies:
  - (1) the proxy is not recorded as attending the meeting; or
  - (2) the proxy does not vote on the resolution,

the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

(k) **Proxies on Resolution 1 (Adoption of Remuneration Report)**

The Corporations Act addresses conflicts of interest by prohibiting key management personnel and their closely related parties from voting on remuneration matters.

However Section 250R(5) of the Corporations Act provides an exception and allows key management personnel or any closely related party of a member of key management personnel (including a closely related party of the Chairman) to vote as your proxy if, the person is appointed as a proxy in writing and:

- (i) you direct that person how to vote on Resolution 1; or
- (ii) you do not direct that person how to vote on Resolution 1; but
  - (1) the person you appoint is Chairman of the meeting; and
  - (2) you expressly authorise the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of key management personnel, which includes the Chairman.

If you do not act in accordance with the above, your proxy will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

If a Shareholder appoints the Chairman as their proxy in relation to Resolution 1, but does not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution on the proxy form, the Shareholder will be directing the Chairman to vote on Resolution 1 in accordance with the Chairman's stated voting intention. The Chairman intends to cast all such proxies For Resolution 1.

If a Shareholder wishes to appoint the Chairman as proxy with a direction to vote against, or abstain from voting on Resolution 1, the Shareholder must specify this by completing the "Against" or "Abstain" boxes opposite Resolution 1 on the proxy form.

Please pay particular attention when completing the proxy form.

- (l) To vote by proxy, the proxy form (together, if applicable, with the original of any power of attorney or other authority, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Share Registry of the Company no later than 10:30am (Perth time) on Tuesday, 19 November 2013. Proxy forms received after that time will be invalid. Proxy forms must be received by one of the following methods:
- (i) by post: GPO Box 242, Melbourne, Victoria, 3001;
  - (ii) by facsimile: at the office of Computershare Investor Services Pty Ltd – within Australia 1800 783 447, outside Australia +61 3 9473 2555;  
or
  - (iii) by electronic lodgement: lodging their proxy electronically via the following website: [www.intermediaryonline.com](http://www.intermediaryonline.com).

## **Item 1. Annual Financial Report, Directors' Report and Auditor's Report**

The Corporations Act requires the Annual Financial Report, Directors' Report and the Auditor's Report (**Annual Report**) to be received and considered at the AGM. A copy of the Company's Annual Report for the year ended 30 June 2013 is available on the Company's website: [www.mma.com.au](http://www.mma.com.au).

When you access the Company's Annual Report online, you can view it and print a copy of it. Please note that if you have elected to continue to receive a hard copy of the Company's Annual Report, it will be mailed to you no later than 21 days before the AGM.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Report and now (or at some time in the future) wish to receive a hard copy of the Company's Annual Report, please contact the Company, who will arrange to mail you a hard copy.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity:

- to ask questions about, or make comments on, the management of the Company; and
- to ask the Company's auditor or the auditor's representative questions relevant to:
  - the conduct of the audit;
  - the preparation and content of the Auditor's Report;
  - the accounting policies adopted by the Company in relation to the preparation of financial statements; and
  - the independence of the auditor in relation to the conduct of the audit.

Shareholders are encouraged to submit any question that they may have regarding the above matters, in writing (including by email), to the Company by no later than 5.00pm (Perth time) on Thursday, 14 November 2013. This will allow the Company time to prepare and present a comprehensive response to Shareholders at the AGM.

A Shareholder of the Company who is entitled to cast a vote at the AGM may also submit a written question to the auditor, if the question is relevant to:

- the content of the Auditor's Report to be considered at the AGM; or
- the conduct of the audit of the Annual Report to be considered at the AGM.

A written question to the auditor may only be submitted by giving the question to the Company (attention: the Company Secretary – Mermaid Marine Australia Limited) by no later than 5.00pm (Perth time) on Thursday, 14 November 2013, which the Company will then pass on to the auditor. The Company will allow a reasonable opportunity for the auditor's representative to answer the written questions submitted to the auditor.

The Company will make available to Shareholders attending the AGM copies of the list of Shareholder questions presented to the auditor, which the auditor considers relevant.

## **Item 2. Resolution 1 – Adoption of the Remuneration Report**

The Remuneration Report, which is set out in the Company's Annual Report for the year ended 30 June 2013, includes:

- information about the remuneration policy for determining the nature and amount of remuneration of the Directors and key management personnel of the Company;
- a description of the relationship between the remuneration policy and the Company's performance; and
- details of the remuneration arrangements for the Directors and key management personnel of the Company for the year ended 30 June 2013.

Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report to be adopted must be put to the vote at a listed company's annual general meeting. Section 250R(3) of the Corporations Act provides that the vote on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company.

However, if a company's Remuneration Report receives an 'against' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must be put at the later annual general meeting that another meeting be held (within 90 days) at which all directors (other than the Managing Director) who were in office at the date of that resolution must stand for re-election. So, in summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the board if the Remuneration Report receives "2 strikes".

In addition, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25 per cent or more of votes cast at the annual general meeting, the Company's subsequent remuneration report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

The Company's Remuneration Report did not receive a "no" vote of 25% or more at the Company's previous AGM held on 22 November 2012.

The Chairman of the AGM will allow a reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the AGM. The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual.

### Directors' Recommendation:

On the above basis, the Directors recommend that members vote in favour of the advisory Resolution 1 set out in Item 2.

### **Item 3. Resolution 2 – Re-election of Mr. Hugh Andrew Jon (Andrew) Edwards as a Director**

It is a requirement under rule 3.6 of the Company's Constitution that Mr. Andrew Edwards retires as a Director, by rotation. Mr. Edwards offers himself for re-election and in accordance with rule 3.6 of the Company's Constitution, is eligible for re-election.

Andrew is a former Managing Partner of PricewaterhouseCoopers, Perth Office, a former national Vice President of the Securities Institute of Australia (now the Financial Services Institute of Australasia) and a former President of the Western Australian division of that Institute. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants in Australia and has served as State Chairman of the local Education Committee of that Institute and was a former member of its National Education Committee. Andrew currently serves as a Non-Executive Director of Nido Petroleum Limited and its subsidiaries and Aspire Mining Limited. Andrew is Non-Executive Chairman of MACA Ltd and is President of Activ Foundation Inc. Andrew graduated from the University of Western Australia with a Bachelor of Commerce degree. He is the Chairman of the Company's Audit and Risk Committee and a member of the Company's Nomination and Remuneration Committee.

#### Directors' Recommendation:

With Mr. Andrew Edwards abstaining, the Directors recommend that members vote in favour of Resolution 2 set out in Item 3.

### **Item 4. Resolution 3 – Re-election of Mr. Mark Bradley as a Director**

It is a requirement under rule 3.6 of the Company's Constitution that Mr. Mark Bradley retires as a director, by rotation. Mr. Bradley offers himself for re-election and in accordance with rule 3.6 of the Company's Constitution, is eligible for re-election.

A Civil Engineer with a track record in senior offshore engineering management, Mark joined the J Ray McDermott company in 1977 for service on Esso's Tuna/Mackerel project in Bass Strait. During the 14 years of technically challenging work that followed, Mark held senior positions with the company in Indonesia, Singapore, Malaysia, Dubai and Saudi Arabia. Still with McDermott, but returning to Australia, he then worked on new projects in Bass Strait and, finally, the Woodside North Rankin A and Goodwyn A platforms on the North West Shelf in Western Australia. In 1991, Mark joined Clough Offshore as Project Manager of a number of North West Shelf projects. Duties in Thailand, China and Indonesia followed, and by 1993 he was Operations/Project Manager for BHP's Griffin project. In 1994, Mark became Managing Director of Clough Offshore. A highly talented manager, he then presided over that company's fivefold growth, which was to make it one of the most well-equipped, professional and competitive groups in the offshore contracting business. In 1997, Mark joined the Board of Clough Engineering as an Executive Director, retiring and becoming a Director of Mermaid Marine in 2000. Mark is the Chairman of the Company's Nomination and Remuneration Committee and a member of the Audit and Risk Committee.

#### Directors' Recommendation:

With Mr. Mark Bradley abstaining, the Directors recommend that members vote in favour of Resolution 3 set out in Item 4.

## **Item 5. Resolution 4 – Approval of Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2013**

### **5.1 Background**

Resolution 4 seeks Shareholder approval for the purposes of ASX Listing Rule 7.2 (Exception 9) and section 260C(4) of the Corporations Act and for all other purposes, to approve the Mermaid Marine Australia Limited Managing Director's Performance Rights Plan – 2013 (**Plan**).

### **5.2 Reason Shareholder approval is required**

#### *ASX Listing Rule 7.2 (Exception 9)*

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares issued pursuant to the vesting of performance rights under the Plan (**Performance Rights**)) that a company can issue or agree to issue without shareholder approval. Generally, a company may not, without shareholder approval, issue in any 12 month period, a number of equity securities which is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

ASX Listing Rule 7.2 (Exception 9) effectively provides that securities issued pursuant to an employee incentive plan are not included in the calculation of the 15% for ASX Listing Rule 7.1 purposes, provided that the employee incentive scheme and the securities to be issued pursuant to the scheme have been approved by shareholders within the 3 years prior to the issue of securities.

The approval of Shareholders is being sought to provide the Company with maximum flexibility to undertake equity raisings in the future without the need for further Shareholder approval. The requirement to obtain Shareholder approval for an issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise to raise equity capital. It should be noted that, notwithstanding any approval by Shareholders of resolution 4, any future equity raising will remain subject to the 15% limit set out in ASX Listing Rule 7.1.

#### *Section 260C(4) of the Corporations Act*

Section 260C(4) of the Corporations Act provides that the giving of financial assistance is exempted from section 260A of the Corporations Act if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company. The operation of the proposed new rules of the Plan (given the establishment of an employee share trust (**EST**) as detailed in 5.4 below) may constitute the Company providing financial assistance for the acquisition of its shares. So, in addition to Shareholder approval being obtained under ASX Listing Rule 7.2 (Exception 9), approval is being sought for the purposes of section 260C(4) of the Corporations Act to allow for the giving of financial assistance by the Company for acquiring shares in the Company. Further details on why the acquisition of shares by the EST on behalf of Mr. Weber (upon the vesting of Performance Rights) may be considered to constitute the giving of financial assistance under the Corporations Act are set out in section 5.4 below.

### 5.3 Terms of the Performance Rights – Mermaid Marine Australia Limited Managing Director's Performance Rights Plan – 2013

The Plan is a new employee incentive scheme which has been established to assist with the reward, retention and motivation of the Managing Director, Mr. Weber. The Performance Rights to be granted to the Managing Director:

- will be granted subject to the terms and conditions of the Plan and the terms of the deed governing the EST (defined below); and
- are the long-term incentive component of the Managing Director's remuneration package in line with the Company's remuneration policy, which is detailed in the 2013 Annual Report.

A Performance Right is a right to acquire one fully paid ordinary share in the Company. Until a Performance Right vests and a share is issued, the Managing Director, in his capacity as a holder of a Performance Right:

- does not have a legal or beneficial interest in shares of the Company; and
- is not entitled to receive dividends or other Shareholder benefits.

A summary of the terms and conditions of the Plan is set out below. A copy of the Plan is available for inspection by Shareholders by contacting the Company Secretary on (+61) 8 9431 7431.

#### *Board's discretion to invite Managing Director and determine criteria*

The Performance Rights will be subject to performance criteria as set out in Schedule 1 (**Performance Criteria**), which must be satisfied over a specified period of time (**Performance Period**) before the Performance Rights can vest.

When issuing an invitation under the Plan, the Board has discretion to determine the terms and conditions of a grant of Performance Rights to ensure that they are appropriate. The Board's discretion includes determining:

- whether the Managing Director is eligible to participate in the Plan (and inviting him to participate);
- the number of Performance Rights granted to the Managing Director; and
- the applicable Performance Criteria and Performance Period.

If Shareholders approve resolution 4 and resolution 5, the Board intends to invite the Managing Director to accept an offer of 346,023 Performance Rights under the Plan. Details of the Performance Criteria and Performance Period applicable to the proposed grant of Performance Rights to the Managing Director are set out in Schedule 1.

#### *Transfers*

The Plan does not allow the Managing Director to transfer Performance Rights, except by force of law upon death or bankruptcy, or if the Board gives its prior written consent (**Permitted Transfer**).

#### *No consideration payable*

No consideration is payable in respect of the grant of Performance Rights, nor is any amount payable upon the vesting of Performance Rights, or the subsequent issue of shares in respect of them.

#### *5% cap*

Broadly, the maximum number of securities which may be issued under the Plan (and any other employee share scheme operated by the Company) in a 5 year period is limited to 5% of the issued shares in the Company (calculated at the date of the invitation under the Plan), subject to a range of exclusions, including, for example, securities issued under a disclosure document, or which did not require disclosure because of section 708 of the Corporations Act.

#### *Vesting of Performance Rights*

A Performance Right granted to the Managing Director will vest:

- at the end of the Performance Period upon the Board giving written notice to the Managing Director of the number of Performance Rights in respect of which the Performance Criteria were satisfied over the Performance Period; or
- if the Board determines that it vests early as a result of an event such as a takeover bid or scheme of arrangement.

Notwithstanding that the Performance Criteria targets in respect of TSR may be met, if the TSR is negative over the Performance Period, the Board has the absolute discretion to decide if any of those Performance Rights vest.

Fully paid ordinary shares in the Company will be issued directly to the Managing Director within a reasonable time after a Performance Right vests.

#### *Lapse of Performance Rights*

A Performance Right granted will lapse on the earliest to occur of:

- the end of the Performance Period, if the Performance Criteria relating to the Performance Right have not been satisfied;
- the Managing Director purporting to transfer a Performance Right, other than a Permitted Transfer;
- the Managing Director ceasing employment, other than because of a Qualifying Reason (please see definition of "Qualifying Reason" below);
- if in the opinion of the Board, the Managing Director has acted fraudulently or dishonestly or in breach of his obligations to the Company or any of its subsidiaries (together, the **Group**), and the Board determining that the Performance Rights held by the Managing Director should lapse; and
- an event such as a takeover bid or scheme of arrangement occurring (in certain circumstances subject to Board discretion).

### *Cessation of employment*

As noted above, Performance Rights will automatically lapse when the Managing Director ceases to be employed by a member of the Group, other than because of a Qualifying Reason.

A **Qualifying Reason** includes the death, total and permanent disablement or retirement of the Managing Director, or the Managing Director ceasing to be employed by a member of the Group as a result of a relevant body corporate ceasing to be part of the Group or the sale of a business conducted by a member of the Group to a third party. The Board may also determine, in its absolute discretion, that any other reason will constitute a Qualifying Reason.

If the Managing Director's employment with a Group member ceases because of a Qualifying Reason, a proportion of the Managing Director's Performance Rights (calculated by reference to the number of days in the Performance Period which have elapsed as at the date of cessation of employment) will, subject to Part 2D.2 Division 2 of the Corporations Act, be capable of vesting if, over the Performance Period, the Performance Criteria in respect of those Performance Rights were satisfied. In such circumstances, the remaining Performance Rights of the Managing Director which do not vest, will lapse.

### *Adjustments upon alterations of capital*

Subject to the ASX Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, then the Board may make adjustments to the Managing Director's Performance Rights (including, without limitation, to the number of shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria on any basis it sees fit in its absolute discretion to ensure that no advantage or disadvantage accrues to the Managing Director as a result of such corporate actions.

Subject to the above adjustments, during the currency of any Performance Rights and prior to vesting and the issue of shares in respect of those Performance Rights, the Managing Director is not entitled to participate in any new issue of securities of the Company as a result of his holding of Performance Rights.

### *Amendments to the Plan*

The Board may by written instrument amend all or any of the provisions of the Plan, with retrospective effect, provided that the amendment does not materially reduce the rights of the Managing Director as they existed before the date of amendment. The Plan provisions do, however, provide that in limited circumstances (for example, for the purpose of complying with relevant legislation or the ASX Listing Rules) amendments may be made even if they materially reduce the rights of the Managing Director.

#### **5.4 New rules of Mermaid Marine Australia Limited Managing Director's Performance Rights Plan under the employee share trust (EST)**

##### *Background*

The rules of the Plan are now subject to the EST which was established on 1 March 2012.

The EST was established to provide a single vehicle for the administration of existing and new long-term employee equity plans. The EST will provide a range of commercial benefits for the Company.

A summary of the key rules under the new EST structure is set out below. This summary is not exhaustive.

##### *New Rules under EST*

Under the EST, the rules of the Plan now provide that upon vesting of the Performance Rights:

- The Company must instruct the trustee of the EST (**Trustee**) to subscribe for, acquire and/or allocate, the relevant number of shares to the Managing Director (in respect of which Performance Rights have vested) within a reasonable time after vesting.

Subject to the Trustee receiving from the Company sufficient funds to subscribe for, or acquire, the shares, the Board may, in its absolute discretion, instruct the Trustee to either subscribe for new shares or acquire shares on market to be held on the Managing Director's behalf, or instruct the Trustee to use a combination of both alternatives.

- Legal title to the shares is held by the Trustee of the EST on trust for the Managing Director on the terms of the trust deed.
- Beneficial title to the shares is held by the Managing Director.
- Whilst shares are held on trust, dividends are paid by the Company to the Trustee, and the Trustee will pay any such dividends to the Managing Director as soon as reasonably practicable.
- Shares are held on trust for the benefit of the Managing Director unless and until the shares are withdrawn from the trust by:
  - the Managing Director submitting to the Company a withdrawal notice;
  - the Board approving that withdrawal notice; and
  - the Trustee acting in accordance with any such approval by the Board by transferring the legal title in those shares, or by selling those shares, in accordance with the instructions of the Managing Director.

##### *Section 260C(4) of the Corporations Act*

The provision of funds by the Company to the Trustee to acquire shares in the Company on behalf of the Managing Director (as outlined above) may be considered to constitute "financial assistance" under the Corporations Act.

Section 260A of the Corporations Act provides that a Company may financially assist a person to acquire shares (or units of shares) in the Company if the assistance is exempted under section 260C of the Corporations Act.

Section 260C(4) of the Corporations Act provides that the giving of financial assistance is exempted from section 260A of the Corporations Act if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

In addition to Shareholder approval being obtained under ASX Listing Rules 7.2 (Exception 9), approval is also being sought for the purposes of section 260C(4) of the Corporations Act to allow the Company to provide funds to the Trustee to subscribe for, or acquire on market, the shares (upon the vesting of the Performance Rights) to be held by the Trustee on the Managing Director's behalf.

Directors' Recommendation:

With Mr. Jeffrey Weber abstaining, the Directors recommend that members vote in favour of Resolution 4 set out in Item 5.

## **Item 6. Resolution 5 – Grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber**

### **6.1 Background**

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rule 10.14 and for all other purposes, to grant 346,023 Performance Rights to the Managing Director, Mr. Jeffrey Weber, pursuant to the Plan.

As detailed in the Remuneration Report of the Company's 2013 Annual Report, the Managing Director's remuneration comprises both a fixed component and an at-risk component (including both a short-term incentive and long-term incentive), which are designed to:

- remunerate the Managing Director for increasing shareholder value and for achieving financial targets and business strategies; and
- retain and reward the Managing Director for meeting prescribed performance criteria which are set by the Board with due regard to the Company's long-term strategy.

The number of Performance Rights to be granted to the Managing Director under the long-term incentive component of the Managing Director's 2014 remuneration package (being 346,023 Performance Rights which are valued at \$696,150 and which equates to 75% of the Managing Director's fixed annual remuneration for the year) is determined by the Board with regard to an independent valuation of the Performance Rights by PricewaterhouseCoopers, which takes into account the Performance Criteria applicable to the Performance Rights.

## **6.2 Reason Shareholder approval is required**

### *ASX Listing Rule 10.14*

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an employee incentive scheme to a director of a company or his or her associate. As Mr. Weber is a Director, approval is being sought for the purposes of ASX Listing Rule 10.14 to allow Mr. Weber to acquire securities under an employee incentive scheme.

## **6.3 Specific information required by ASX Listing Rule 10.15**

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders to assist them in determining whether to approve the grant of Performance Rights to Mr. Weber under resolution 5:

- under the terms of the Plan, and subject to Shareholder approval, Mr. Weber will be granted a maximum of 346,023 Performance Rights (giving Mr. Weber an entitlement to potentially acquire a maximum of 346,023 fully paid ordinary shares in the Company under the Plan);
- no consideration is payable by Mr. Weber in respect of the grant of Performance Rights, nor will any amount be payable on vesting of Performance Rights, or the subsequent issue of shares in respect of them;
- as the Plan is a new employee incentive scheme, no person has received Performance Rights under the Plan;
- Mr. Weber is the only person entitled to participate in the Plan;
- a voting exclusion statement for resolution 5 is included in this Notice;
- no loans will be made to Mr. Weber in relation to an acquisition of Performance Rights or shares under the Plan; and
- if Shareholders approve resolution 5, the Performance Rights will be granted to Mr. Weber as soon as practicable after the date of the AGM, and in any event, no later than three months after the date of the AGM.

### Directors' Recommendation:

With Mr. Jeffrey Weber abstaining, the Directors recommend that members vote in favour of Resolution 5 set out in Item 6.

## Schedule 1 – Performance Criteria and Performance Period in respect of grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber

The Performance Rights to be granted to the Managing Director will be subject to two Performance Criteria. The table below sets out the Performance Criteria which will determine the extent to which any such Performance Rights vest.

For the purposes of assessing the Performance Criteria, the relevant Performance Period is the period beginning on 1 July 2013 and ending on 30 June 2016.

Performance criteria	No of Performance Rights which are subject to performance criteria	Performance criteria targets	Percentage of Performance Rights specified which vest if target met
Normalised Earnings per Share (EPS) growth	55,960	Less than 6% Equal to 6% Between 6% and 12.5% Equal to 12.5%	Nil 50% 50-100% pro-rata 100%
Company's Total Shareholder Return (TSR) percentile ranking over the Performance Period relative to a selected Peer Group <sup>1</sup>	290,063	Below the 50th percentile At the 50th percentile Between 50th and 90th percentile At the 90th percentile	Nil 50% 50-100% pro-rata 100%

**Normalised Earnings per Share (EPS) growth** means the growth in earnings per share of the Company, annualised over the Performance Period, to be determined in a manner decided by the Board in its absolute discretion (including any determination that the impact of one-off or non-recurring items should be excluded for the purposes of the calculation).

**Total Shareholder Return (TSR)** means, broadly, the increase in the share price plus dividends paid (calculated in Australian dollars), excluding franking credits and taxation, over the Performance Period, to be determined in a manner decided by the Board in its absolute discretion.

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<sup>1</sup> Notwithstanding that the Performance Criteria targets in respect of TSR may be met, if the TSR is negative over the Performance Period, the Board has the absolute discretion to decide if any of those Performance Rights vest.

**Peer Group** means the peer group comprising the following ASX-listed companies (the composition of which may be changed by the Board in its absolute discretion):

Transurban Group (ASX: TCL), Sydney Airport (ASX: SYD), Brambles Limited (ASX: BXB), Seek Limited (ASX: SEK), Qube Holdings Limited (ASX: QUB), Aurizon Holdings Limited (ASX: AZJ), McMillan Shakespeare (ASX: MMS), GWA Group Limited (ASX: GWA), Transpacific Industries Group Limited (ASX: TPI), Virgin Australia Holdings Limited (ASX: VAH), SAI Global Limited (ASX: SAI), ALS Limited (ASX: ALQ), Asciano Limited (ASX: AIO), CSR Limited (ASX: CSR), Toll Holdings Limited (ASX: TOL), Cardno Limited (ASX: CDD), Monadelphous Group Limited (ASX: MND), Skilled Group Limited (ASX: SKE), UGL Limited (ASX: UGL), Qantas Airways Limited (ASX: QAN), Leighton Holdings Limited (ASX: LEI), Bradken Limited (BKN), Cabcharge Australia Limited (ASX: CAB), Downer EDI Limited (ASX: DOW), Seven Group Holdings Limited (ASX: SVW), Decmil Group Limited (ASX: DCG), NRW Holdings Limited (ASX: NWH), Mineral Resources Limited (ASX: MIN), Transfield Services Limited (ASX: TSE), Emeco Holdings Limited (ASX: EHL), Ausdrill Limited (ASX: ASL), Macquarie Atlas Roads Group (ASX: MQA).



MERMAID MARINE  
AUSTRALIA LTD  
ABN 21 083 185 693

## Lodge your vote:

**Online:**  
www.investorvote.com.au

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 727 014  
(outside Australia) +61 3 9946 4439

— 000001 000 MRM  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form



### Vote and view the annual report online

Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.  
Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 10.30am (WST) Tuesday, 19 November 2013**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mermaid Marine Australia Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Mermaid Marine Australia Ltd to be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Thursday, 21 November 2013 at 10.30am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4 and 5 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr. Hugh Andrew Jon (Andrew) Edwards as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr. Mark Bradley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

MRM

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Computershare +