

24 December 2012

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

CORPORATE OFFICE

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Dear Sir/Madam

RE: Issue of Performance Rights to Senior Executives

Please find **attached** an Appendix 3B in relation to the issue of 20,981 Performance Rights to a senior executive employee of Mermaid Marine Australia Limited ("**Company**").

The Performance Rights represent an initiative on behalf of the Company to encourage its employees to improve the longer term performance of the Company and its returns to shareholders.

The key terms of the Performance Rights that have been issued are as follows:

- The Performance Rights have been issued for nil consideration;
- Each Performance Right carries an entitlement to one ordinary fully-paid share in the Company for each Performance Right vested;
- Vesting only occurs at the end of the Performance Period (30 June 2015) and the number of Performance Rights that vest (if any) will depend on:
 - the growth in earnings per share of Mermaid Marine Australia Limited over a period of 3 years from 1 July 2012 to 30 June 2015; and
 - total shareholder return relative to a selected peer group of companies over a period of 3 years from 1 July 2012 to 30 June 2015;
- Unvested Performance Rights lapse on cessation of a holder's employment with the Mermaid Marine Group; and

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Any Performance Rights that do no vest at the end of the Performance Period (30 June 2015) will lapse.

Kind regards, MERMAID MARINE AUSTRALIA LIMITED

Dylan RobertsCompany Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

 $Introduced\ 01/07/96\ \ Origin:\ Appendix\ 5\ \ Amended\ 01/07/98,\ 01/09/99,\ 01/07/00,\ 30/09/01,\ 11/03/02,\ 01/01/03,\ 24/10/05,\ 01/08/12$

ABN 21 083 185 693				
We (the entity) give ASX the following information.				
Part 1 - All issues You must complete the relevant sections (attach sheets if there is not enough space).				
1 +Class of +securities issued or to be issued	Performance Rights under the Mermaid Marine Australia Limited Performance Rights Plan -			

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

Name of entity

Mermaid Marine Australia Limited

20,981

2012

⁺ See chapter 19 for defined terms.

Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion)

The Principle terms of the Performance Rights are as follows:

- The Performance Rights have been issued for nil consideration;
- Each Performance Right carries an entitlement to the one ordinary fully-paid share in the Company for each Performance Right vested;
- Vesting only occurs at the end of the Performance Period (30 June 2015) and the number of Performance Rights that vest (if any) will depend on:
 - o the growth in earnings per share of Mermaid Marine Australia Limited over a period of 3 years from 1 July 2012 to 30 June 2015; and
 - o total shareholder return relative to a selected peer group of companies over a period of 3 years from 1 July 2012 to 30 June 2015.
- Unvested Performance Rights lapse on cessation of a holder's employment with the Mermaid Marine Group;
- Any Performance Rights that do not vest at the end of the Performance Period (30 June 2015) will lapse; and
- No amount is payable by a holder of Performance Rights in respect of the shares allocated upon vesting of the Performance Rights.

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⁺ See chapter 19 for defined terms.

4 Do the +securities rank equally in No. all respects from the date of allotment with an existing +class of Prior to vesting the Performance Rights do not quoted +securities? carry a right to vote, receive dividends or generally participate in other corporate actions. If the additional securities do not rank equally, please state: Ordinary shares allocated upon vesting of the date from which they do Performance Rights will rank equally with all the extent to which they existing fully paid ordinary shares on issue. participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 5 Issue price or consideration Nil Purpose of the issue The Performance Rights are issued under the 6 (If issued as consideration for the Mermaid Marine Limited Australia acquisition of assets, clearly Performance Rights Plan - 2012, an incentive identify those assets) plan applying to Senior Executives of the Company. 6a Is the entity an +eligible entity that Not Applicable has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i 6b The date the security holder resolution under rule 7.1A was passed 6с Number of +securities issued without security holder approval under rule 7.1 Number of *securities issued with 6d security holder approval under rule

7.1A

⁺ See chapter 19 for defined terms.

Appendix 3B New issue announcement

6e	Number of *securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)			
6f	Number of securities issued under an exception in rule 7.2			
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.			
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements			
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements			
7	Dates of entering *securities into uncertificated holdings or despatch of certificates	21 December 2012		
	1			
	1	Number	+Class	
8	Number and *class of all *securities quoted on ASX (including the securities in section 2 if applicable)	223,832,900	Fully paid shares	ordinary

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⁺ See chapter 19 for defined terms.

9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)

Number	+Class
632,716	Unlisted senior
032,710	employee incentive
	options – expiry 23
	Sept 2013
	Sept 2013
1,277,584	Managing Director
1,277,501	Incentive Options -
	expiry 23 Sept 2013
	onping to sope to to
82,555	Unlisted employee
,	options -expiry 18
	Sept 2014
	A SP C = C S
2,805,264	Unlisted senior
	employee incentive
	options – expiry 18
	Sept 2014
1,488,356	Managing Director
	Incentive Options –
	expiry 18 September
	2014
722,919	Employee
	Performance Rights –
	Expiry 1 July 2013
266 251	Managina Dinastan's
266,351	Managing Director's
	Performance Rights – Expiry 1 July 2013
	Expiry 1 July 2015
1,096,734	Employee
1,070,734	Performance Rights –
	Expiry 1 July 2014
	Expiry 1 July 2014
331,142	Managing Director's
	Performance Rights –
	Expiry 1 July 2014
	r J
615,869	Employee
	Performance Rights –
	Expiry 1 July 2015
317,865	Managing Director's
	Performance Rights –
	Expiry 1 July 2015

Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Not applicable

⁺ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

	<u> </u>
11	Is security holder approval required?
12	Is the issue renounceable or non-renounceable?
13	Ratio in which the ⁺ securities will be offered
14	⁺ Class of ⁺ securities to which the offer relates
15	⁺ Record date to determine entitlements
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
	Calculating Chiticinents:
1.7	D.P. C. L.P. and an extension
17	Policy for deciding entitlements in relation to fractions
1.0	N
18	Names of countries in which the
	entity has *security holders who
	will not be sent new issue
	documents
	Note: Security holders must be told how their entitlements are to be dealt with.
	Cross reference: rule 7.7.
	.
19	Closing date for receipt of
1)	accentances or renunciations

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⁺ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

⁺ See chapter 19 for defined terms.

32	of the	do ⁺ security holders dispose ir entitlements (except by sale gh a broker)?
33	⁺ Desp	patch date
		Quotation of securities Complete this section if you are applying for quotation of securities
34	Type of	of securities one)
(a)		Securities described in Part 1
(b)		All other securities Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employ incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities
Entitie	es tha	t have ticked box 34(a)
Additi	onal s	ecurities forming a new class of securities
Tick to documer		e you are providing the information or
35		If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held be those holders
36		If the *securities are *equity securities, a distribution schedule of the addition *securities setting out the number of holders in the categories 1 - 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over
37		A copy of any trust deed for the additional *securities

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⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)			
38	Number of securities for which ⁺ quotation is sought		
39	Class of *securities for which quotation is sought		
40	Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?		
	If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment		
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period		
	(if issued upon conversion of another security, clearly identify that other security)		
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	⁺ Class

⁺ See chapter 19 for defined terms.

Quotation agreement

- ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the *securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any *securities to be quoted and that no-one has any right to return any *securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the *securities be quoted.
- If we are a trust, we warrant that no person has the right to return the *securities to be quoted under section 1019B of the Corporations Act at the time that we request that the *securities be quoted.
- We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 24th December 2012

(Company secretary)

Print name: Dylan Darbyshire-Roberts

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⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital		
Step 1: Calculate "A", the base figure from which the placement capacity is calculated		
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	N/A	
Add the following:		
Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2		
Number of fully paid ordinary securities issued in that 12 month period with shareholder approval		
Number of partly paid ordinary securities that became fully paid in that 12 month period		
 Note: Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 		
Subtract the number of fully paid ordinary securities cancelled during that 12 month period		
"A"		

⁺ See chapter 19 for defined terms.

Step 2: Calculate 15% of "A"		
"B"	0.15	
	[Note: this value cannot be changed]	
Multiply "A" by 0.15		
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used		
Insert number of equity securities issued or agreed to be issued in that 12 month period not counting those issued:		
• Under an exception in rule 7.2		
Under rule 7.1A		
 With security holder approval under rule 7.1 or rule 7.4 		
 Note: This applies to equity securities, unless specifically excluded – not just ordinary securities Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 		
"C"		
Step 4: Subtract "C" from ["A" x "I placement capacity under rule 7.1 "A" x 0.15	3"] to calculate remaining	
Note: number must be same as shown in Step 2		
Subtract "C"		
Note: number must be same as shown in Step 3		
<i>Total</i> ["A" x 0.15] – "C"		
	[Note: this is the remaining placement capacity under rule 7.1]	

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⁺ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities		
Step 1: Calculate "A", the base figure from which the placement capacity is calculated		
"A"	N/A	
Note: number must be same as shown in Step 1 of Part 1		
Step 2: Calculate 10% of "A"		
"D"	0.10	
	Note: this value cannot be changed	
Multiply "A" by 0.10		
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used		
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A		
 Notes: This applies to equity securities – not just ordinary securities Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained It may be useful to set out issues of securities on different dates as separate line items 		

⁺ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A		
"A" x 0.10		
Note: number must be same as shown in Step 2		
Subtract "E"		
Note: number must be same as shown in Step 3		
Total ["A" x 0.10] – "E"		
	Note: this is the remaining placement capacity under rule 7.1A	

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⁺ See chapter 19 for defined terms.