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The Manager, Listings  
Australian Securities Exchange  
Company Announcements Office  
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Sydney NSW 2000

**Via e-lodgement**

**MMA ANNOUNCES AGREEMENT WITH CHEVRON TO PROVIDE NORTH  
WEST SUPPLY BASE FOR GORGON PROJECT**

Mermaid Marine Australia Limited ("MMA") is pleased to announce that it has entered into an "Agreement for Sublease" (the "Agreement") with Chevron Australia Pty Ltd ("Chevron"). The Agreement is a precursor to entering into a formal sublease (the "Sublease") of an area of approximately 50,000 square metres on MMA's Dampier Supply Base to serve as the North West Supply Base for the flagship Gorgon Project.

MMA plans to provide a range of infrastructure developments within the Supply Base to support the Gorgon project and expects to commence upgrade work in the early part of FY2009.

The Company also plans to undertake an underwritten institutional placement to support these infrastructure developments and also to fund MMA's other growth plans.

The Gorgon project is a joint venture between Chevron, ExxonMobil and Shell, to develop the Greater Gorgon gas field, located between 130km and 200km off the north-west coast of Western Australia. The Greater Gorgon gas fields contain resources of about 40 trillion cubic feet of gas, Australia's largest-known gas resource.<sup>1</sup>

The Managing Director, Mr Jeffrey Weber said "the signing of the Agreement highlights the strategic benefit of the Dampier Supply Base and is a significant step for MMA as the Company continues to develop a world class multi-user facility to support the Australian offshore oil and gas industry. Chevron has been a valuable client in our marine business for over five years and we are very excited by the prospect of having Chevron on our supply base as a major client to support their Gorgon Development".

The Sublease will represent approximately 40% of the lettable area on the supply base and will be for a term of five years with extension options. Under the Agreement Chevron will pay MMA a base rental fee for the areas concerned commencing immediately.

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<sup>1</sup> Source: Gorgon Project website

While MMA is still finalising the scope of the upgrade work, it will include the provision of laydown areas, quarantine facilities, landing ramp extensions, offices and various other minor works on the subleased areas. Preliminary estimates put the cost of the overall development in the order of \$20 million. The Sublease also includes a section of the new 2,250 square metre warehouse currently under construction on the Dampier Supply Base.

### **Wharf Expansion**

In addition, the Board of MMA has also approved a major extension to its current wharf facility at a budgeted cost of approximately \$22 million. These planned developments will position MMA to benefit from high levels of demand for supply base services on the back of oil and gas exploration and production projects in the North West Shelf, and is expected to materially increase earnings contribution from Supply Base operations. Construction of the wharf expansion is expected to commence at the beginning of the 2009 financial year, with targeted completion by April 2009.

### **New Vessels**

The Company continues to experience increasing demand for vessel services and part of the funds raised will also be used to finance new vessel acquisitions.

### **Funding**

MMA intends to fund the proposed capital expenditure for the Dampier Supply Base expansion through a combination of new debt and equity.

MMA is seeking to raise approximately A\$25 million through the issue of fully paid ordinary shares via an institutional placement. The placement will be conducted by way of a bookbuild, fully underwritten by Merrill Lynch Australia. Euroz Securities and Patersons Securities will act as brokers to the Offer. All shares issued under the placement will rank equally with the company's existing ordinary shares.

MMA has requested a trading halt to be placed on its shares until completion of the placement.

MMA also intends to offer a Share Purchase Plan ("SPP") to all shareholders. The SPP is expected to be offered in June 2008.

### **Trading Update**

MMA continues to trade strongly and expects to record at least 25% growth in net profit after tax for FY2008. This is consistent with previous guidance that the second half performance for MMA would be stronger than the first half.

### **Financial Impact**

The proposed developments at the Dampier Supply Base and related equity raising is expected to be EPS neutral in FY2008 and FY2009 and EPS accretive in FY2010 as the new developments come on line.

### **For further information please contact:**

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