



MERMAID MARINE
AUSTRALIA LTD

21 October 2010

The Listing Manager
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

CORPORATE OFFICE

Endeavour Shed, 1 Mews Road
FREMANTLE WA 6160
PO Box 715, SOUTH FREMANTLE WA 6162
T (+61) 8 9431 7431 **F** (+61) 8 9431 7432
E corporate@mma.com.au
W www.mma.com.au
ABN 21 083 185 693

Dear Sir / Madam

RE: ISSUE OF PERFORMANCE RIGHTS TO EMPLOYEES

Please find **attached** an Appendix 3B in relation to the issue of 778,963 Performance Rights to various employees 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 2013) 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 2010 to 30 June 2013; and
 - total shareholder return relative to a selected peer group of companies over a period of 3 years from 1 July 2010 to 30 June 2013.
- 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 2013) will lapse.

Kind regards,
MERMAID MARINE AUSTRALIA LTD

Dylan Roberts
Company Secretary

MERMAID MARINE ASIA PTE LTD

81 Tras Street, SINGAPORE 079020
T (+65) 6220 7388 **F** (+65) 6223 7383

DAMPIER SUPPLY BASE

MERMAID SUPPLY BASE PTY LTD
PO Box 822, KARRATHA WA 6714
Mermaid Road, DAMPIER WA 6713
T (+61) 8 9183 6600 **F** (+61) 8 9183 6660

BROOME SUPPLY BASE

TOLL MERMAID LOGISTICS BROOME PTY LTD
PO Box 3401, BROOME WA 6725
1 Port Drive, BROOME WA 6725
T (+61) 8 9192 2200 **F** (+61) 8 9192 2281

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Mermaid Marine Australia Limited

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 ó 2010) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 778,963 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

3 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 principal terms of the Performance Rights are:

- An entitlement to one ordinary fully-paid share in Mermaid Marine Australia Limited for each Performance Right vested. Vesting only occurs at the end of the Performance Period (30 June 2013) 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 2010 to 30 June 2013; and
 - total shareholder return relative to a selected peer group of companies over a period of 3 years from 1 July 2010 to 30 June 2013.
- 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 2013) will lapse.
- No amount is payable by a holder of Performance Rights in respect of their Performance Rights.

+ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>No.</p> <p>Prior to vesting, the Performance Rights do not carry a right to vote, receive dividends or generally participate in other corporate actions.</p> <p>Ordinary shares allocated upon vesting of Performance Rights will rank equally with existing ordinary shares.</p>					
5	Issue price or consideration	Nil					
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Performance Rights are issued under the Mermaid Marine Australia Limited Performance Rights Plan ó 2010, an incentive plan applying to certain employees of the Company.</p>					
7	<p>Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	20 October 2010					
8	<p>Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">188,672,387</td> <td style="text-align: left;">Ordinary shares</td> </tr> </tbody> </table>		Number	⁺ Class	188,672,387	Ordinary shares
Number	⁺ Class						
188,672,387	Ordinary shares						

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	535,000	Unlisted employee options ó expiry 19 May 2011
	2,326,424	Unlisted employee options ó expiry 11 Oct 2012
	970,040	Managing Director Incentive Options - expiry 11 Oct 2012
	369,349	Unlisted employee options ó expiry 24 Jan 2013
	1,385,432	Unlisted senior employee incentive options ó expiry 23 Sept 2013
	1,277,584	Managing Director Incentive Options - expiry 23 Sept 2013
	441,930	Unlisted employee options -expiry 18 Sept 2014
	3,112,049	Unlisted senior employee incentive options ó expiry 18 Sept 2014
	1,488,356	Managing Director Incentive Options ó expiry 18 September 2014
	778,963	Employee Performance Rights Plan ó 2010
10 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

- | | | |
|----|---|--|
| 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? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 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 | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 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 *in full* through a broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick 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, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 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 by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +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

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
-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	
---	--

<p>42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)</p>	<table border="1"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> </tr> </tbody> </table>	Number	⁺ Class			
Number	⁺ Class					

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 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.

- 3 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.

+ See chapter 19 for defined terms.

4 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: 21 October 2010
(Company Secretary)

Print name: ...Dylan Darbyshire-Robertsí í í í í í

====

+ See chapter 19 for defined terms.