



MERMAID MARINE
AUSTRALIA LTD

25 October 2010

The Listing Manager
Australian Stock Exchange
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Dear Sir/Madam

RE: MMA to undertake \$30 million placement to fund growth opportunities

Mermaid Marine Australia Ltd (ASX: MRM, "MMA" or "the Company") is pleased to announce that it intends to undertake a placement of new shares to institutional investors to raise approximately \$30 million. Proceeds raised will allow the Company to pursue a number of identified growth opportunities in the oil and gas vessel support market both in Australia and internationally.

The non-underwritten placement will be conducted by way of a bookbuild from a base price of \$2.58 per share, representing a 4.8% discount to the last closing price on 25 October 2010 and will result in a maximum issue of approximately 11.6 million new ordinary shares (6.2% of existing issued share capital).

The bookbuild for the placement is expected to be conducted overnight with settlement expected to occur on Friday, 29 October 2010 with quotation expected on Monday, 1 November 2010. The new shares to be issued under the placement will rank equally with existing ordinary shares in MMA from their date of issue.

Morgan Stanley is acting as sole lead manager to the placement.

MMA also plans to offer eligible shareholders as at 5:00pm Perth time on 25 October 2010 ("the Record Date") an opportunity to participate in a Share Purchase Plan ("**SPP**") allowing them to acquire up to \$15,000 in new MMA shares. The price of MMA shares under the SPP offer will be set at the lower of the placement price and the price equal to a 2.5% discount to the 5-day VWAP of MMA shares prior to and including the SPP closing date. Details of the SPP will be sent to shareholders in the near future.

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MERMAID MARINE AUSTRALIA LIMITED



Jeffrey Weber
Managing Director

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MERMAID MARINE
AUSTRALIA LTD

MERMAID MARINE AUSTRALIA LIMITED

Investor Briefing – Capital Raising

25 October 2010



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Capital Raising Summary



Non-underwritten institutional placement

| Capital Raising Details ⁽¹⁾ | |
|--|--|
| Placement Size | A\$30 million |
| Placement Pricing | Bookbuild from A\$2.58 per share 4.8% discount to last close |
| Shares to be issued | Up to 11.6 million shares |
| Purpose | To fund growth opportunities in the oil and gas vessel support market in Australia and internationally |
| Sole Lead Manager | Morgan Stanley Australia Securities Limited |

- Eligible shareholders in Australia and New Zealand will have the opportunity to subscribe for MMA shares pursuant to a non-underwritten Share Purchase Plan (SPP) with further details to be announced*

(1) – The Company and the Sole Lead Manager reserve the right to vary the terms of the offer

Solid first quarter. 1H2011 Profit before Tax expected to be up 25% on PCP

Vessels

- Strong first quarter performance
- Awarded 3 Year - \$80m Gorgon fuel transport contract (Sep-10)
- Awarded Gorgon Cargo & Water transport contracts (Jul-10)
- Mobilising chartered tugs and barges to meet contractual requirements
- Active on Apache Devils Creek Project
- Currently tendering longer term vessel contracts
- Offshore construction support activity increasing in second quarter

Supply Base

- First quarter running ahead of budget
- Continues to perform strongly with increased volume of cargo moved
- Gorgon related activity is robust with increased barge movements
- Production and exploration drilling activities firm into the future
- In advanced negotiations with oil major for supply base services

Capital Raising Rationale



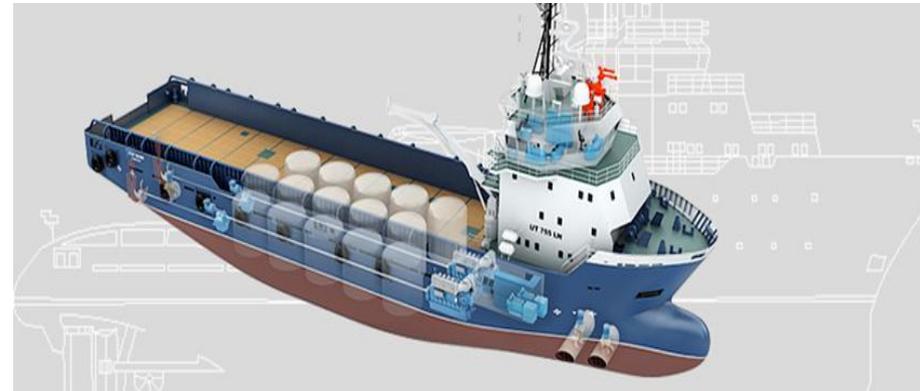
Positions MMA to take advantage of growth opportunities

- **Exploration activity picking up** - timing right to pursue MMA's strategy of expanding its drilling and construction support fleet via entry into the medium sized Platform Supply Vessel (PSV) market
- **Emerging international opportunities** - opportunity to enhance capability, efficiency and flexibility of international fleet
- **Vessel market beginning to strengthen** - sale and purchase market stabilised over last 6 months; new build activity beginning to increase with recent orders placed
- **Strong AUD** - good time to purchase vessels

PSV Market

Opportunity to enter a new market segment through the purchase of a medium sized PSV

- PSV can be utilised for exploration, construction & production support activities across existing client portfolio
- Exploration drilling activity picking up
- Construction support activity increasing
- MMA strategy to target segment via purchasing medium sized PSVs
- Market demand for medium sized PSVs looking strong over next 5 years as explorers move to deeper water with greater transiting distances



MMA to take advantage of emerging opportunities in its International Operations

- International business is a key platform for future growth
- Oil and Gas market is improving
- Our clients continue to be awarded new work
- Opportunity to reconfigure current fleet
 - Larger vessels with multiple capabilities
 - Capture improvements and efficiencies
- Review of potential vessels undertaken over the last 12 months - now have a shortlist
- Capital raising will enable MMA to move quickly to secure the right vessel

Significant long term financial benefits

Enhanced earnings potential

- Entry into new market segment enhances capability and capacity for earnings growth
- Ability to participate in drilling support operations and further leverage off our supply base assets

Strengthened Balance Sheet

- Financial capacity to pursue growth opportunities
- Gearing reduced to 44.7%⁽¹⁾

Integral part of MMA's long term strategy

- Five year strategy delivery predicated on greater exposure to the offshore drilling market – timing is right

Positions MMA to continue to take advantage of strengthening demand in the oil & gas sector

(1) – Pro-forma 30 June 2010 basis, assuming gross proceeds of \$30 million

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