

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, 04/03/13

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).

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|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>Up to 132,166,667 fully paid ordinary shares (subject to reconciliation of shareholder entitlements and the effects of rounding) (New Shares) will be issued under the:</p> <ul style="list-style-type: none">- institutional placement (Placement);- institutional component of the accelerated, renounceable entitlement offer (Institutional Entitlement Offer); and- retail component of the accelerated, renounceable entitlement offer (Retail Entitlement Offer), <p>(together, the Offer).</p> <p>Refer to announcement and investor presentation lodged with ASX on 25 February 2013 (ASX Materials), for further details.</p> |

<p>3 Principal terms of the +securities (e.g. 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)</p>	<p>The New Shares will have the same terms as existing fully paid ordinary shares.</p>
<p>4 Do the +securities rank equally in all respects from the +issue date 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>Yes, the New Shares will rank equally with existing fully paid ordinary shares from the issue date.</p> <p>The New Shares issued pursuant to the Offer will not be entitled to receive the \$0.055 per share dividend announced on 25 February 2014 being paid on 1 April 2014.</p>
<p>5 Issue price or consideration</p>	<p>\$2.40 per New Share.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds from the Offer are expected to be \$317 million and will be used to partially fund the acquisition of a 100% equity interest in the subsidiaries of Jaya Holdings Limited, expenses relating to the Offer and general working capital.</p> <p>Please refer to the ASX Materials, for further details.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No.</p>

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	N/A.
6c	Number of +securities issued without security holder approval under rule 7.1	N/A.
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A.
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A.
6f	Number of +securities issued under an exception in rule 7.2	N/A.
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.	N/A.
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	N/A.
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	N/A.
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	12 March 2014 for the New Shares to be issued under the Placement and the Institutional Entitlement Offer. 2 April 2014 for the New Shares to be issued under the retail component of the Retail Entitlement Offer.

	Number	+Class	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	After completion of the Offer, there will be up to 364,818,908 fully paid ordinary shares on issue.	Fully paid ordinary shares

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	42,446	Unlisted options, expiring on 18 September 2014.
	1,382,355	Unlisted senior employee incentive options, expiring on 18 September 2014.	
	1,424,801	TOTAL OPTIONS	
	4,139,255	Performance Rights	

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There has been no change to Mermaid Marine Australia Limited's dividend policy.
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Part 2 - Pro rata issue

11	Is security holder approval required?	No, shareholder approval is not required for the Entitlement Offer.
12	Is the issue renounceable or non-renounceable?	Renounceable.
13	Ratio in which the +securities will be offered	The entitlement ratio for existing shareholders is 7 New Shares for every 18 existing fully paid ordinary shares held at the Record Date.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	7:00pm (Sydney time) Friday, 28 February 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of shareholders' entitlements under the Entitlement Offer they will be rounded up to the next whole number of New Shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	For the Placement and Institutional Entitlement Offer, all countries other than Australia, New Zealand, United States (offer to US QIBs under s144A private placement exemption only), Hong Kong, Singapore, Japan, UAE (excluding Dubai International Financial Centre), United Kingdom and Continental Europe / EEA (including Belgium, Denmark, Germany, Luxembourg, Netherlands, France, Ireland, Norway, Switzerland). For the Retail Entitlement Offer, all countries other than Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	For the Institutional Entitlement Offer – 26 February 2014. For the Retail Entitlement Offer – 21 March 2014.
20	Names of any underwriters	Morgan Stanley Australia Securities Limited
21	Amount of any underwriting fee or commission	1.8% of the proceeds of the Offer, plus a management and selling fee of 0.45% of the proceeds of the Offer.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A.

26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	No prospectus is being prepared in connection with the Entitlement Offer. A retail offer booklet and personalised entitlement and acceptance form will be sent to eligible shareholders on or about 5 March 2014.
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	N/A.
28	Date rights trading will begin (if applicable)	N/A.
29	Date rights trading will end (if applicable)	N/A.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A.
33	+Issue date	12 March 2014 for the New Shares to be issued under the Placement and Institutional Entitlement Offer. 2 April 2014 for the New Shares to be issued under the Retail Entitlement Offer.

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

+ See chapter 19 for defined terms.

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

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 +issue date 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)

N/A.

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class
N/A.	N/A.

+ See chapter 19 for defined terms.

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.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we 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:

Company secretary

Date: 25 February 2014

Print name: Dylan Roberts