



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

NOTICE OF 2010 ANNUAL GENERAL MEETING

Please find **attached** a copy of the following documents which have been mailed to shareholders today:

- Notice of Annual General Meeting; and
- Proxy form.

A copy of the Mermaid Marine Australia Limited 2010 Annual Report was released to ASX on 15 September 2010 and is available for review on the Company's website at www.mma.com.au

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (**AGM** or **Meeting**) of members of Mermaid Marine Australia Limited ABN 21 083 185 693 (**Company**) will be held at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia on Thursday, 25 November 2010 at 10.30am (Perth time).

BUSINESS

Item 1. Annual Financial Report, Directors' Report and Auditor's Report

To consider the Annual Report of the Company for the period ended 30 June 2010 which includes the Financial Report, the Directors' Report and the Auditor's Report.

Item 2. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution:

Resolution 1

"That the Remuneration Report for the year ended 30 June 2010 be adopted."

The Remuneration Report is set out in the 2010 Annual Report. Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Item 3. Re-election of Mr. Anthony (Tony) Howarth as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

Resolution 2

"That Mr. Tony Howarth who will retire as a Director by rotation in accordance with article 72.1 of the Company's constitution, and who is eligible for re-election as a Director in accordance with article 72.2 of the Company's constitution and who offers himself for re-election, be re-elected as a Director."

Item 4. Re-election of Mr. Mark Bradley as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

Resolution 3

"That Mr. Mark Bradley who will retire as a Director by rotation in accordance with article 72.1 of the Company's constitution, and who is eligible for re-election as a Director in accordance with article 72.2 of the Company's constitution and who offers himself for re-election, be re-elected as a Director."

Item 5. Re-election of Mr. Hugh Andrew Jon (Andrew) Edwards as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

Resolution 4

"That Mr. Andrew Edwards who was appointed to fill a casual vacancy in accordance with article 75.1 of the Company's constitution, and who is eligible for re-election as a Director in accordance with article 75.2 of the Company's constitution and who offers himself for re-election, be re-elected as a Director."

Item 6. Grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber

To consider and, if thought fit, to pass the following as an ordinary resolution with or without amendment:

Resolution 5

"That, for the purposes of ASX Listing Rules 7.1 and 10.14, and for all other purposes, the Shareholders approve and authorise the grant of 266,351 performance rights over ordinary shares in the Company to the Managing Director, Mr. Jeffrey Weber, pursuant to the Mermaid Marine Australia Limited Managing Director's Performance Rights Plan – 2010, the terms of which are summarised in Item 6 and Schedule 1 of the accompanying Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by:

- o any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities;
- o a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- o an associate of any of those persons.

However, the Company will not disregard a vote if:

- o it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- o it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Item 7. Approval of increase in fee pool for non-executive Directors

To consider and, if thought fit, to pass the following as an ordinary resolution with or without amendment:

Resolution 6

"That, for the purposes of ASX Listing Rule 10.17 and article 79 of the Company's constitution, and for all other purposes, the maximum annual aggregate amount of fees that the non-executive Directors are entitled to be paid for their services out of the funds of the Company be increased by the amount of \$200,000, from \$550,000 to \$750,000 (inclusive of statutory entitlements) per financial year."

Voting Exclusion

The Company will disregard any votes cast on Resolution 6 by:

- o a Director; and
- o an associate of a Director.

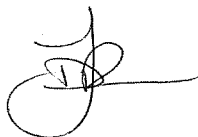
However, the Company will not disregard a vote if it is cast by:

- o a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- o the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Item 8. Other Business

Members are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Meeting.

BY ORDER OF THE BOARD



Dylan Darbyshire-Roberts
Company Secretary
Fremantle, Western Australia
Date: 21 October 2010

The Notice of Annual General Meeting, Explanatory Statement and proxy form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek professional advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments form part of this Notice of Meeting (**Notice**) and are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Notice, including the Explanatory Statement, please contact your professional adviser.

GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company (**Shareholders**) in connection with the AGM of the Company to be held at 10.30am (Perth time) on Thursday, 25 November 2010 at the Parmelia Hilton Perth, 14 Mill Street, Perth, WA, 6000.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

THE FOLLOWING DOCUMENTS RELATE TO THE AGM:

- Notice of Meeting, including the Explanatory Statement;
- Proxy form and return envelope; and
- Appointment of a corporate representative (for shareholder companies).

If you are attending the AGM in Perth and have not lodged a proxy form, please bring the proxy form with you to assist with registration.

If you are not attending the AGM in Perth, you can lodge a completed proxy form by returning it in the enclosed envelope or alternatively deliver it by:

- facsimile; or
- hand delivery,

to the Company's share registry, Computershare Investor Services Pty Ltd (**Share Registry**).

Please be aware that the proxy form needs to be received by the Company's Share Registry by no later than 10.30am (Perth time) on Tuesday, 23 November 2010. Proxy forms received after this time will be invalid. Further details on lodging your proxy form can be found on the reverse side of the proxy form.

Information about voting

- (a) The Company has determined that, for the purposes of the AGM, all shares in the Company shall be taken to be held by the person who held shares as a registered shareholder at 5.00pm (Perth time) on Tuesday, 23 November 2010 (**Effective Time**).

- (b) All holders of shares in the Company as at the Effective Time are entitled to attend and vote at the AGM and may appoint a proxy to attend the AGM and vote in their stead.
- (c) A proxy need not be a member of the Company.
- (d) The proxy form sent with this Notice should be used for the AGM.
- (e) Each Shareholder who is entitled to cast 2 or more votes at the AGM may appoint 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes, each proxy may exercise half of the votes. An additional proxy form will be supplied by the Company on request.
- (f) In the case of an individual, a proxy form must be signed by the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy form must be executed by the corporation pursuant to section 127 of the *Corporations Act 2001* (Cth) (**Corporations Act**) or be signed by a duly authorised officer or attorney of that corporation.
- (g) Any member may, by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or certified copy of the power of attorney must be received by the Company as specified in paragraph (i).
- (h) Any corporation which is a member of the Company may appoint a representative to attend and vote for that corporation at the AGM. Appointments of representatives by corporations must be received by the Company as specified in paragraph (i) or handed in at the AGM when registering as a corporate representative.
- (i) To vote by proxy, the proxy form (together, if applicable, with the original of any power of attorney or other authority, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Share Registry of the Company no later than 10:30am (Perth time) on Tuesday, 23 November 2010. Proxy forms received after that time will be invalid. Proxy forms must be received by one of the following methods:
 - (i) by hand delivery: Computershare Investor Services Pty Limited – Level 2, 45 St Georges Terrace, Perth, WA, 6000;
 - (ii) by post: GPO Box 242, Melbourne, Victoria, 3001; or
 - (iii) by facsimile: at the office of Computershare Investor Services Pty Limited – facsimile number +61 8 9323 2033.

Item 1. Annual Financial Report, Directors' Report and Auditor's Report

The Corporations Act requires the Annual Financial Report, Directors' Report and the Auditor's Report (**Annual Report**) to be received and considered at the AGM. A copy of the Company's Annual Report for the year ended 30 June 2010 is available on the Company's website www.mma.com.au.

When you access the Company's Annual Report on-line, you can view it and print a copy of it. Please note that if you have elected to continue to receive a hard copy of the Company's Annual Report, it will be mailed to you no later than 21 days before the AGM.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Report and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Report, please contact the Company, who will arrange to mail you a hard copy.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity:

- to ask questions about, or make comments on, the management of the Company; and
- to ask the Company's auditor or the auditor's representative questions relevant to:
 - the conduct of the audit;
 - the preparation and content of the Auditor's Report;
 - the accounting policies adopted by the Company in relation to the preparation of financial statements; and
 - the independence of the auditor in relation to the conduct of the audit.

Shareholders are encouraged to submit any question that they may have regarding the above matters, in writing (including by email), to the Company by no later than 5.00pm (Perth time) on Thursday, 18 November 2010. This will allow the Company time to prepare and present a comprehensive response to Shareholders at the AGM.

A Shareholder of the Company who is entitled to cast a vote at the AGM may also submit a written question to the auditor if the question is relevant to:

- the content of the Auditor's Report to be considered at the AGM; or
- the conduct of the audit of the Annual Report to be considered at the AGM.

A written question to the auditor may only be submitted by giving the question to the Company (attention: the Company Secretary – Mermaid Marine Australia Limited) by no later than 5.00pm (Perth time) on Thursday, 18 November 2010, which the Company will then pass on to the auditor. The Company will allow a reasonable opportunity for the auditor's representative to answer the written questions submitted to the auditor.

The Company will make available to Shareholders attending the AGM copies of the list of Shareholder questions presented to the auditor, which the auditor considers relevant.

Item 2. Resolution 1 – Adoption of the Remuneration Report

The Remuneration Report, which is set out in the Company's Annual Report for the year ended 30 June 2010, includes:

- information about the remuneration policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the remuneration policy and the Company's performance; and
- details of the remuneration arrangements for the Directors and senior management of the Company for the year ended 30 June 2010.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the AGM will allow a reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the AGM.

The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual. On this basis, the Board recommends that members vote in favour of the advisory resolution set out in Item 2.

Item 3. Resolution 2 – Re-election of Mr. Anthony (Tony) Howarth as a Director

It is a requirement under article 72.1 of the Company's constitution that Mr. Tony Howarth retire as a Director, by rotation. Mr. Howarth offers himself for re-election and in accordance with article 72.2 of the Company's constitution, is eligible for re-election.

Tony was appointed as a Director of the Company on 5 July 2001 and as Chairman of the Company on 1 August 2006. Tony is also currently a non-executive director of AWB Limited and Wesfarmers Limited. Tony worked in the banking and finance industry for over 30 years. His work has involved a number of overseas appointments. He has previously held the positions of Managing Director of Challenge Bank Limited, CEO of Hartleys Limited, Chairman of Alinta Limited, Deputy Chairman of the Bank of Queensland Limited and Chairman of Home Building Society Limited. Tony is also Chairman of St John of God Health Care Inc. He is also Adjunct Professor (Financial Management) at the University of Western Australia Business School. Tony is also involved in a number of community and business organisations including the Senate of the University of Western Australia, Chairman of the Committee for Perth Limited, a member of the Rio Tinto WA Future Fund and the University of Western Australia Business School Advisory Board and a director of the Australian Chamber of Commerce and Industry, the Chamber of Commerce and Industry of Western Australia (Inc) and West Australian Rugby Union Inc. Tony is a member of the Company's Nomination and Remuneration Committee and the Audit & Risk Committee.

The remaining Directors recommend to Shareholders that Mr. Tony Howarth be re-elected as a Director.

Item 4. Resolution 3 – Re-election of Mr. Mark Bradley as a Director

It is a requirement under article 72.1 of the Company's constitution that Mr. Mark Bradley retire as a Director, by rotation. Mr. Bradley offers himself for re-election and in accordance with article 72.2 of the Company's constitution, is eligible for re-election.

Mark was appointed as a Director of the Company on 22 September 2000. Mark is a civil engineer with a track record in senior off-shore engineering management. Mark joined the J Ray McDermott company in 1977 for service on Esso's Tuna/Mackerel project in the Bass Strait. During the 14 years of technically challenging work that followed, Mark held senior positions with the company in Indonesia, Singapore, Malaysia, Dubai and Saudi Arabia. Still with McDermott, but returning to Australia, he then worked on new projects in the Bass Strait and, finally, the Woodside North Rankin A and Goodwyn A platforms on the North-West Shelf in Western Australia. In 1991, Mark joined Clough Offshore as project manager of a number of North-West Shelf projects. Duties in Thailand, China and Indonesia followed, and by 1993 he was operations/project manager for BHP's Griffin project. In 1994, Mark became managing director of Clough Offshore. A highly talented manager, he then presided over that company's fivefold growth, which was to make it one of the most well-equipped, professional and competitive groups in the off-shore contracting business. In 1997, Mark joined the board of Clough Engineering as an executive director, retiring and becoming a Shareholder and Director of the Company in 2000. Mark is the Chairman of the Company's Nomination and Remuneration Committee and a member of the Audit & Risk Committee.

The remaining Directors recommend to Shareholders that Mr. Mark Bradley be re-elected as a Director.

Item 5. Resolution 4 – Re-election of Mr. Hugh Andrew Jon (Andrew) Edwards as a Director

In accordance with article 75.1 of the Company's constitution, the Board appointed Mr. Andrew Edwards as a Director to fill a casual vacancy following the resignation of Mr. Jeffrey Arthur Sydney Mews as a Director on 24 November 2009. Mr. Edwards offers himself for re-election and in accordance with article 75.2 of the Company's constitution, is eligible for re-election.

Andrew was appointed as a Director of the Company on 18 December 2009. Andrew is a former Managing Partner of PricewaterhouseCoopers (Perth office), a former national Vice President of the Securities Institute of Australia (now the Financial Services Institute of Australasia) and a former President of the Western Australian division of that Institute. He is a Fellow of the Institute of Chartered Accountants in Australia and has served as State Chairman of the local Education Committee of the Institute and was a former member of its National Education Committee. Andrew currently serves as Chairman of MACA Limited, is a non-executive director of Nido Petroleum Limited and its subsidiaries, and is a board member of Activ Foundation Inc and Sungrid Limited. Andrew graduated from the University of Western Australia with a bachelor of commerce degree and is the Chairman of the Company's Audit & Risk Committee.

The remaining Directors recommend to Shareholders that Mr. Andrew Edwards be re-elected as a Director.

Item 6. Resolution 5 – Grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber

6.1 Background

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rules 7.1 and 10.14, and for all other purposes, to grant 266,351 performance rights over ordinary shares in the Company (**Performance Rights**) to the Managing Director, Mr. Jeffrey Weber, pursuant to the Mermaid Marine Australia Limited Managing Director's Performance Rights Plan – 2010 (**Plan**).

6.2 Reason Shareholder approval is required

ASX Listing Rule 7.1

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, a company may not, without shareholder approval, issue in any 12 month period, a number of equity securities which is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

The number of equity securities that may be issued by a company under ASX Listing Rule 7.1 without shareholder approval is not impacted by equity securities which are issued under an exception contained in ASX Listing Rule 7.2 or which have received shareholder approval.

The approval of Shareholders is being sought to provide the Company with maximum flexibility to undertake equity raisings in the future without the need for further shareholder approval. The requirement to obtain shareholder approval for an issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise to raise equity capital. It should be noted that, notwithstanding any approval by Shareholders of resolution 5, any future equity raising will remain subject to the 15% limit set out in ASX Listing Rule 7.1.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an employee incentive scheme to a director of a company or his or her associate. As Mr. Weber is a Director, in addition to Shareholder approval under ASX Listing Rule 7.1, approval is being sought for the purposes of ASX Listing Rule 10.14 to allow Mr. Weber to acquire securities under an employee incentive scheme.

6.3 Specific information required by ASX Listing Rules 7.3 and 10.15

For the purposes of ASX Listing Rules 7.3 and 10.15, the following information is provided to Shareholders to assist them in determining whether to approve the grant of Performance Rights to Mr. Weber under resolution 5:

- under the terms of the Plan, and subject to shareholder approval, Mr. Weber will be granted a maximum of 266,351 Performance Rights (giving Mr. Weber an entitlement to potentially acquire a maximum of 266,351 fully paid ordinary shares in the Company under the Plan);
- the terms of the Plan under which the Performance Rights will be granted (and may vest) are summarised below in section 6.4;
- no consideration is payable by Mr. Weber in respect of the grant of Performance Rights, nor will any amount be payable on vesting of Performance Rights, or the subsequent issue of shares in respect of them;
- as the Plan is a new employee incentive scheme, no person has received Performance Rights under the Plan;
- Mr. Weber is the only person entitled to participate in the Plan;
- a voting exclusion statement for resolution 5 is included in this Notice;
- no loans will be made to Mr. Weber in relation to an acquisition of Performance Rights or shares under the Plan;
- if Shareholders approve resolution 5, the Performance Rights will be granted to Mr. Weber as soon as practicable after the date of the AGM, and in any event, no later than three months after the date of the AGM; and
- no funds will be raised through the grant of the Performance Rights to Mr. Weber, nor will any funds be raised upon the vesting of Performance Rights, or the subsequent issue of shares in respect of them.

6.4 Terms of the Performance Rights – Mermaid Marine Australia Limited Managing Director's Performance Rights Plan - 2010

The Plan is a new employee incentive scheme which has been established to assist with the reward, retention and motivation of the Managing Director, Mr. Weber. The Performance Rights to be granted to the Managing Director:

- will be granted subject to the terms and conditions of the Plan; and
- form part of the long-term incentive component of the Managing Director's remuneration package in line with the Company's remuneration policy which is detailed in the 2010 Annual Report.

In determining the number of Performance Rights to be granted to Mr. Weber, the Board has had regard to a range of factors, including, amongst other things, an independent valuation of the Performance Rights by PricewaterhouseCoopers which takes into account the performance criteria applicable to the Performance Rights (**Performance Criteria**).

A Performance Right is a right to acquire one fully paid ordinary share in the Company. Until a Performance Right vests and a share is issued, the Managing Director, in his capacity as a holder of a Performance Right:

- does not have a legal or beneficial interest in shares of the Company; and
- is not entitled to receive dividends or other shareholder benefits.

A summary of the terms and conditions of the Plan is set out below. A copy of the Plan is available for inspection by Shareholders by contacting the Company Secretary on (+61) 8 9431 7431.

Board's discretion to invite Managing Director and determine criteria

Performance Rights will be subject to Performance Criteria which must be satisfied over a specified period of time (**Performance Period**) before the Performance Rights can vest.

When issuing an invitation under the Plan, the Board has discretion to determine the terms and conditions of a grant of Performance Rights to ensure that they are appropriate. The Board's discretion includes determining:

- whether the Managing Director is eligible to participate in the Plan (and inviting him to participate);
- the number of Performance Rights granted to the Managing Director; and
- the applicable Performance Criteria and Performance Period.

If Shareholders approve resolution 5, the Board intends to invite the Managing Director to accept an offer of 266,351 Performance Rights under the Plan. Details of the Performance Criteria and Performance Period applicable to the proposed grant of Performance Rights to the Managing Director are set out in Schedule 1.

Transfers

The Plan does not allow the Managing Director to transfer Performance Rights, except by force of law upon death or bankruptcy, or if the Board gives its prior written consent (**Permitted Transfers**).

No consideration payable

No consideration is payable in respect of the grant of Performance Rights, nor is any amount payable upon the vesting of Performance Rights, or the subsequent issue of shares in respect of them.

5% cap

Broadly, the maximum number of securities which may be issued under the Plan (and any other employee share scheme operated by the Company) in a 5 year period is

limited to 5% of the issued shares in the Company (calculated at the date of the invitation under the Plan), subject to a range of exclusions, including, for example, securities issued under a disclosure document, or which did not require disclosure because of section 708 of the Corporations Act.

Vesting of Performance Rights

A Performance Right granted to the Managing Director will vest:

- at the end of the Performance Period upon the Board giving written notice to the Managing Director of the number of Performance Rights in respect of which the Performance Criteria were satisfied over the Performance Period; or
- if the Board determines that it vests early as a result of an event such as a takeover bid or scheme of arrangement.

Fully paid ordinary shares will be issued directly to the Managing Director within a reasonable time after a Performance Right vests.

Lapse of Performance Rights

A Performance Right granted will lapse on the earliest to occur of:

- the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;
- the Managing Director purporting to transfer a Performance Right, other than a Permitted Transfer;
- the Managing Director ceasing employment, other than because of a "Qualifying Reason" (in respect of cessation of employment because of a "Qualifying Reason", see further below);
- if in the opinion of the Board, the Managing Director has acted fraudulently or dishonestly or in breach of his obligations to the Company or any of its subsidiaries (together, the **Group**), and the Board determining that the Performance Rights held by the Managing Director should lapse; and
- an event such as a takeover bid or scheme of arrangement occurring (in certain circumstances subject to Board discretion).

Cessation of employment

As noted above, Performance Rights will automatically lapse when the Managing Director ceases to be employed by a member of the Group, other than because of a "Qualifying Reason".

A "Qualifying Reason" includes the death, total and permanent disablement or retirement of the Managing Director, or the Managing Director ceasing to be employed by a member of the Group as a result of a relevant body corporate ceasing

to be part of the Group or the sale of a business conducted by a member of the Group to a third party. The Board may also determine, in its absolute discretion, that any other reason will constitute a "Qualifying Reason".

If the Managing Director's employment with a Group member ceases because of a Qualifying Reason, a proportion of the Managing Director's Performance Rights (calculated by reference to the number of days in the Performance Period which have elapsed as at the date of cessation of employment) will be capable of vesting if, over the Performance Period, the Performance Criteria in respect of those Performance Rights were satisfied. In such circumstances, the remaining Performance Rights of the Managing Director which do not vest, will lapse.

Adjustments upon alterations of capital

Subject to the Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, then the Board may make adjustments to the Managing Director's Performance Rights (including, without limitation, to the number of Shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria on any basis it sees fit in its absolute discretion to ensure that no advantage or disadvantage accrues to the Managing Director as a result of such corporate actions.

Subject to the above adjustments, during the currency of any Performance Rights and prior to vesting and the issue of shares in respect of those Performance Rights, the Managing Director is not entitled to participate in any new issue of securities of the Company as a result of his holding of Performance Rights.

Amendments to the Plan

The Board may by written instrument amend all or any of the provisions of the Plan, with retrospective effect, provided that the amendment does not materially reduce the rights of the Managing Director as they existed before the date of amendment. The Plan provisions do however, provide that in limited circumstances (for example, for the purpose of complying with relevant legislation or the ASX Listing Rules) amendments may be made even if they materially reduce the rights of the Managing Director.

The Directors (other than Mr. Weber) recommend that Shareholders vote in favour of resolution 5 set out in Item 6.

Item 7. Resolution 6 - Approval of increase in fee pool for non-executive Directors

In accordance with the ASX Listing Rules and the Company's constitution, the maximum annual aggregate amount of fees that may be provided to non-executive Directors is the amount determined by Shareholders.

ASX Listing Rule 10.17 provides that an entity must not increase the total amount of directors' fees payable by it or any of its controlled entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive director.

Resolution 6 seeks Shareholder approval for the purposes of ASX Listing Rule 10.17 and article 79 of the Constitution of the Company, and for all other purposes, to authorise the Company to increase the maximum annual aggregate amount of fees that non-executive Directors are entitled to be paid.

Currently, the maximum annual aggregate amount of fees that the non-executive Directors are entitled to be paid for their services out of the funds of the Company is \$550,000, as approved by Shareholders at the Annual General Meeting held on 27 November 2008. If approved, the increase of the maximum annual aggregate amount by \$200,000, to \$750,000, will take effect from 26 November 2010.

This increase is to enable the Company to maintain non-executive Directors' fees in line with those paid by companies of a similar size and complexity. Analysis of the Company's current fees by external consultants has shown that they are below those paid by comparable companies. The increased limit will enable the Company to continue to retain and attract new directors with appropriate skills and competencies to contribute to the Board.

Schedule 1 – Performance Criteria and Performance Period in respect of grant of Performance Rights to the Managing Director, Mr. Jeffrey Weber

The Performance Rights to be granted to the Managing Director will be subject to two Performance Criteria. The table below sets out the Performance Criteria which will determine the extent to which any such Performance Rights vest.

For the purposes of assessing the Performance Criteria, the relevant Performance Period is the period beginning on 1 July 2010 and ending on 30 June 2013.

Performance criteria	No of Performance Rights which are subject to performance criteria	Performance criteria targets	Percentage of Performance Rights specified which vest if target met
Normalised Earnings per Share (EPS) growth	53,333	Below 6% Between 6% and 10% Above 10%	0% 50% to 100% (on a straight line basis) 100%
Company's Total Shareholder Return (TSR) percentile ranking over the Performance Period relative to a selected Peer Group	213,018	Below the 50 th percentile Between the 50 th percentile and the 75 th percentile Above the 75 th percentile	0% 50% to 100% (on a straight line basis) 100%

Normalised Earnings per Share (EPS) growth means the growth in earnings per share of the Company, annualised over the Performance Period, to be determined in a manner decided by the Board in its absolute discretion (including any determination that the impact of one-off or non-recurring items should be excluded for the purposes of the calculation).

Total Shareholder Return (TSR) means, broadly, the increase in the share price plus dividends paid (calculated in Australian dollars), excluding franking credits and taxation, over the Performance Period, to be determined in a manner decided by the Board in its absolute discretion.

Peer Group means the peer group comprising the following ASX-listed companies (the composition of which may be changed by the Board in its absolute discretion):

Worley Parsons Limited (ASX:WOR); Monadelphous Group Limited (ASX:MND); Clough Limited (ASX:CLO); Fleetwood Corporation Limited (ASX:FWD); Macmahon Holdings Limited (ASX:MAH); Miclyn Express Offshore Limited (ASX:MIO); Hastie Group Limited (ASX:HST); Industree Limited (ASX:IDL); Programmed Maintenance Services Ltd (ASX:PRG); Ausenco Limited (ASX:AAX); Skilled Group Limited (ASX:SKE); Tox Free Solutions Limited (ASX:TOX); Imdex Limited (ASX:IMD); and Neptune Marine Services Limited (ASX:NMS).



MERMAID MARINE
AUSTRALIA LTD
ABN 21 083 185 693

000001 000 MRM
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.30am (Perth Time) on Tuesday, 23 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 **Appoint a Proxy to Vote on Your Behalf** **XX**

I/We being a member/s of Mermaid Marine Australia Ltd hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Mermaid Marine Australia Ltd to be held at the Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Thursday, 25 November 2010 at 10.30am (Perth Time) and at any adjournment of that meeting.

Important for Resolution 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 6 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 6 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 **Items of Business** **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of the Remuneration Report	☐	☐	☐
Resolution 2 Re-election of Mr Anthony (Tony) Howarth as a Director	☐	☐	☐
Resolution 3 Re-election of Mr Mark Bradley as a Director	☐	☐	☐
Resolution 4 Re-election of Mr Hugh Andrew Jon (Andrew) Edwards as a Director	☐	☐	☐
Resolution 5 Grant of Performance Rights to the Managing Director, Mr Jeffrey Weber	☐	☐	☐
Resolution 6 Approval of increase in fee pool for non-executive Directors	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN **Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date