



MERMAID MARINE
AUSTRALIA LTD

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21 November 2006

The Listing Manager
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 200

Dear Sir/Madam

**RE: AGM: CHAIRMAN & MANAGING DIRECTOR'S ADDRESS TO
SHAREHOLDERS**

Please find attached the Chairman & Managing Director's Address to Shareholders
to be presented at today's Annual General Meeting for the Company.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED

PETER RAYNOR
Chief Financial Officer / Company Secretary

DAMPIER SUPPLY BASE

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Mermaid Marine Australia Limited 2006 Annual General Meeting

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen and welcome to Mermaid Marine Australia's 2006 Annual General Meeting. My name is Tony Howarth and I am the Chairman of the Company.

The Company Secretary advises me that we have a quorum present and I therefore have pleasure in declaring the meeting open.

Firstly I would like to introduce my fellow directors who are present here today:

- Our Managing Director – Mr Jeffrey Weber
- Non Executive Directors – Mr Alan Birchmore, Mr Jeff Mews and Mr Mark Bradley, and
- Executive Director – Mr Jim Carver
- and our Company Secretary – Mr Peter Raynor

This is my first meeting as Chairman of the Company, following Alan Birchmore's decision, announced in August this year, that he intended standing down from the position after having led the Company since its listing on the Australian Stock Exchange in 1999.

I would like to sincerely thank Alan for his leadership and contribution to the Company during his tenure as Chairman. Mermaid Marine is now very well positioned as a key integrated provider of marine and supply base services to clients in the offshore oil and gas industry. I am pleased that Alan will continue with the Company as a non-executive director.

My appointment as Chairman completes a number of changes we have made to the Board over that last couple of years. Firstly the size of the Board has been reduced from 8 to 6. Secondly Captain Jim Carver's role has been restructured as an Executive Director reflecting the day to day role he plays in the Company's marine and project activities. And finally my appointment as Chairman provides the Company with an Independent Chairman in accordance with the ASX Corporate Governance Guidelines. The directors believe that your Board is now well structured for a company in this industry and at this stage of its growth being of an appropriate size with a good mix of skills and balance of independent, executive and non executive directors.

2006 was an extremely busy and successful year for Mermaid Marine. The Company reported an after tax net profit of \$9.2 million, up 290% on the previous year. Earnings per share were 6.6 cents, up significantly from the prior year of 1.8 cents.

Whilst the result benefited from an after tax profit of \$3.7 million from the sale of the Company's manning business, the underlying result was still up approximately 100% on the previous year.

Importantly for shareholders the Company's share price increased significantly, from 35 cents at 30 June 2005 to 60 cents at 30 June 2006. The share price has continued to increase during the current financial year and is currently over 70 cents. The movement in the share price equates to a Total Shareholder Return of 71% for the 2006 financial year – a good result in anybody's book.

The Company achieved an after tax profit for the second half of the 2006 financial year of \$4.0M, excluding the profit from the sale of the manning business. The favourable market conditions experienced in the second half of 2006 have continued into the 2007 financial year and the Company expects the result for the first six month period of the 2007 financial year to exceed that achieved in the second half last year. Our view of the second half of 2007 is positive but will be influenced by the timing of major resource projects.

The Company is confident of the continuing strength and growth of the offshore oil and gas industry in the North West of Western Australia as evidenced by the recent announcement by Chevron of discovery of a major gas find at their Clio field which is adjacent to the Greater Gorgon field. Chevron has described Clio as "one of the top wells in Australia in terms of net pay".

In order to meet the growing demand for services in the North West Shelf region, we invested over \$40 million during the 2006 financial year in purchasing additional vessels for the fleet and \$5 million to expand the wharf at the Dampier supply base. This investment has contributed to the strong growth in earnings for the Company and will enable the Company to continue to be a key player in the growing offshore oil and gas market.

Your Company is still in a strong growth phase and has needed ongoing capital investment and capital management as I have just described. An outcome of this is that again, this year, no dividend was declared. However, with the improved performance of the Company, the reinstatement of dividends is a priority for Directors during the current financial year.

Mermaid Marine recently announced that it has entered into a joint venture with Toll Holdings Ltd and established a new company to provide supply base services in Broome. There are significant exploration programmes planned by major oil and gas companies in the offshore Browse Basin region over the next few years. The joint venture company is finalising new lease agreements with the Broome Port Authority and will expand the current supply base infrastructure to enable it to meet the growing demand for services in the region. The long term future of the Browse Basin is very exciting.

Mermaid Marine is in the enviable position of having a customer base of world class oil and gas companies and is committed to delivering a high level of service to meet their requirements. This can only be achieved by having highly skilled, competent and committed employees and I would like to acknowledge the efforts of all of our employees during the past year.

In order to attract and retain high quality people and motivate them to achieve the Company's goals, the Company's remuneration policies are reviewed and benchmarked against comparable industry standards and rates. Remuneration packages are structured to provide both short term incentives by way of bonuses and long term incentives by way of share options with appropriate hurdles that reflect the performance of the individual and the Company.

Companies need good leadership in order to grow and create value for shareholders and I would like to thank our Managing Director, Jeff Weber, for his achievements during the year.

I would finally like to thank my fellow Directors for their ongoing support, guidance and contribution to the governance of the Company and to introduce to you our Managing Director Jeff Weber.



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MERMAID MARINE AUSTRALIA LTD

2006 ANNUAL GENERAL MEETING

Managing Director's Address

Presented by: Jeff Weber

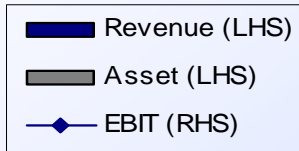


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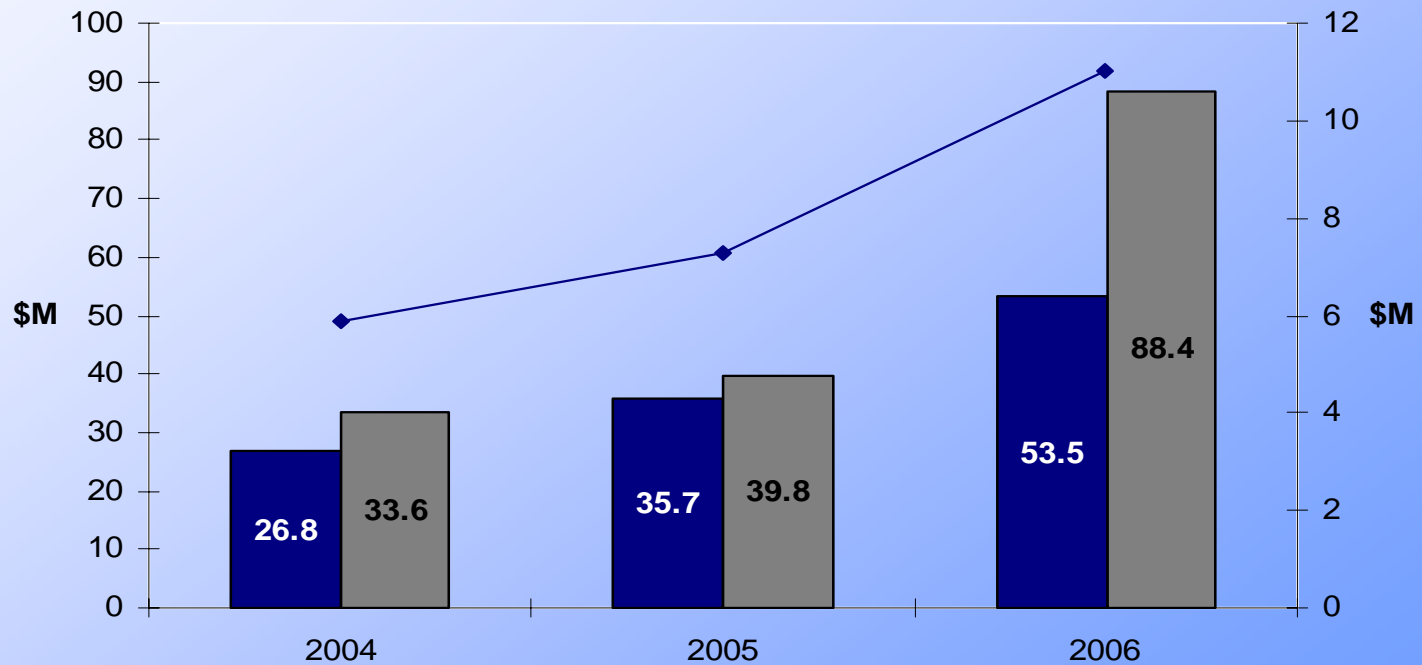
2006 was a watershed year for the Company...

- Reported net profit \$9.2m, up 290% on previous year.
- Normalised earnings (excluding sale of manning business) of \$5.6m, up 133% on prior year.
- Earnings per share of 6.6c, up 260% on previous year.
- Normalised earnings per share of 4c, up 118% on previous year.
- Share price growth of 71% over 12 months to 30 June 2006.
- \$45m investment in new assets: \$40m - vessels, \$5m - Dampier wharf extension.

Vessel revenue and earnings growth driven by fleet investment programme...



Vessels



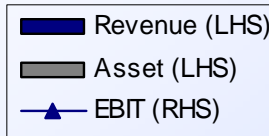


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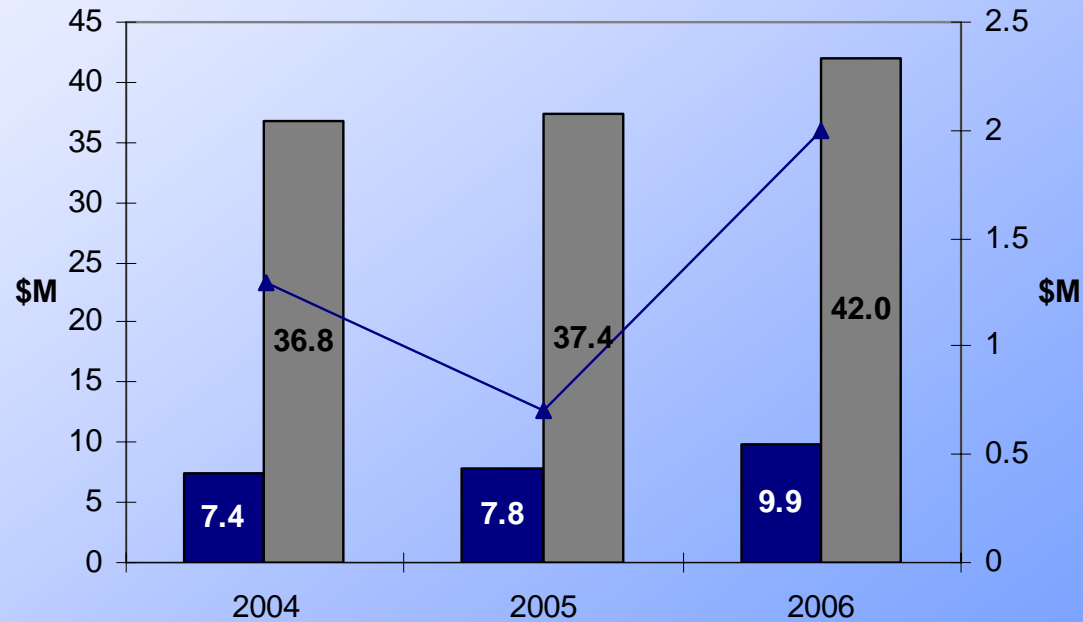
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Our fleet has grown in size and capability...



Supply Base earnings up with capacity for further improvements ...



Supply Base Operations





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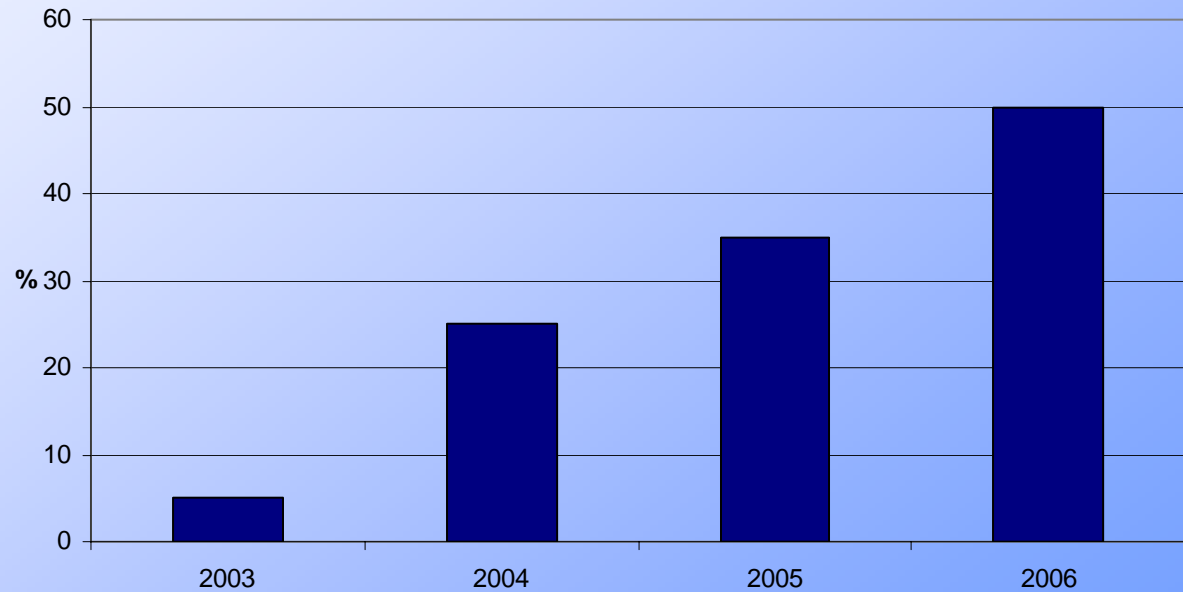
Wharf upgrade provides greater flexibility ...



We service all the majors and continue to grow our contracted revenue ...

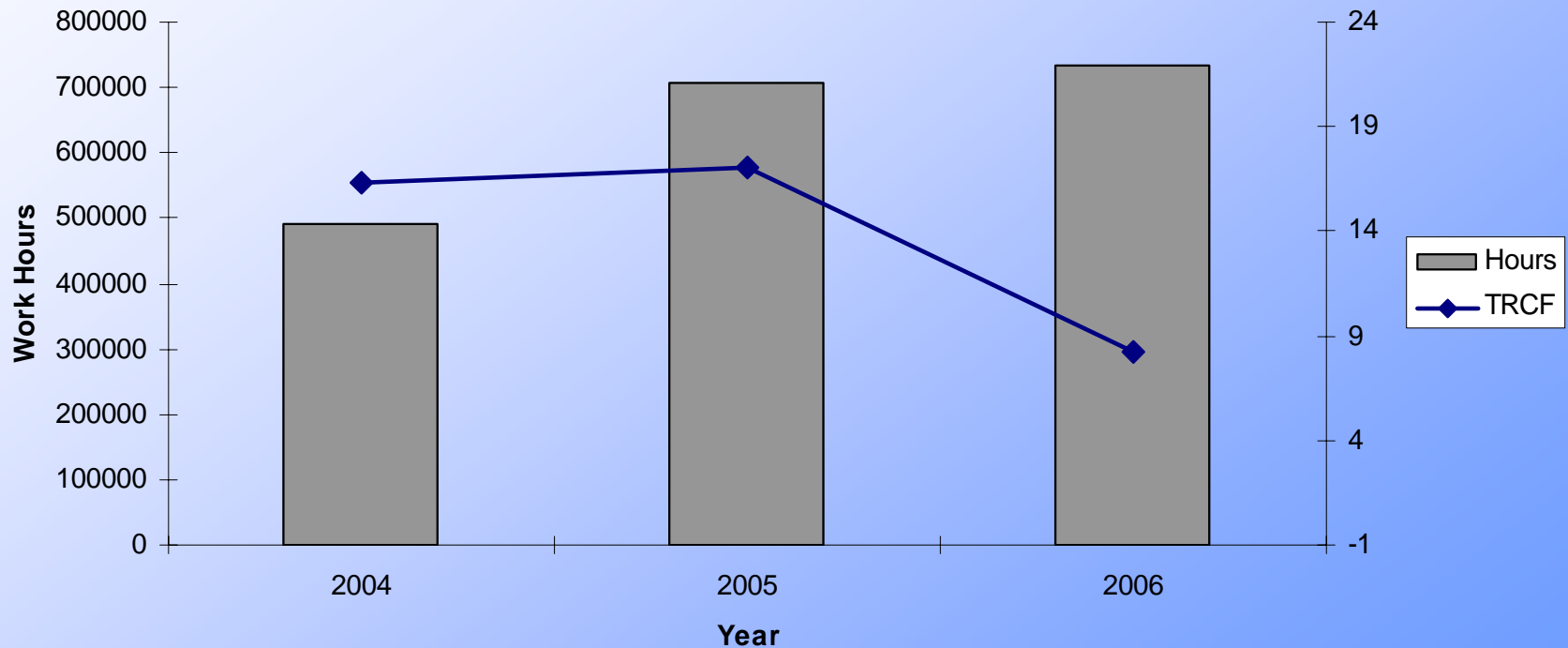
- Woodside
- BHP
- Wandoo
- ENI
- Santos
- Chevron
- Apache

Contracted Revenue



The last 12 months has seen a significant improvement in our safety performance...

Total Recordable Case Frequency





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Looking forward there is a solid pipeline of new projects in our key operating areas ...

DAMPIER – North West Shelf and Carnarvon Basin			
PROJECT DESCRIPTION	OWNER	VALUE	DATE
Gorgon Project	Chevron	\$11b+	FEED 2006
Pluto Project	Woodside	\$5b+	FEED 2006
Angel	Woodside	\$1.6b	2007-2008
Train 5	Woodside	\$2.5b	2006-2007
Perseus over Goodwin	Woodside	\$1b	2006-2007
Vincent (FPSO)	Woodside	\$1.1b	2007-2008
Stybarrow (FPSO)	BHP	\$0.7b	2007-2008

NORTH WEST SHELF OIL & GAS

JANUARY 2006

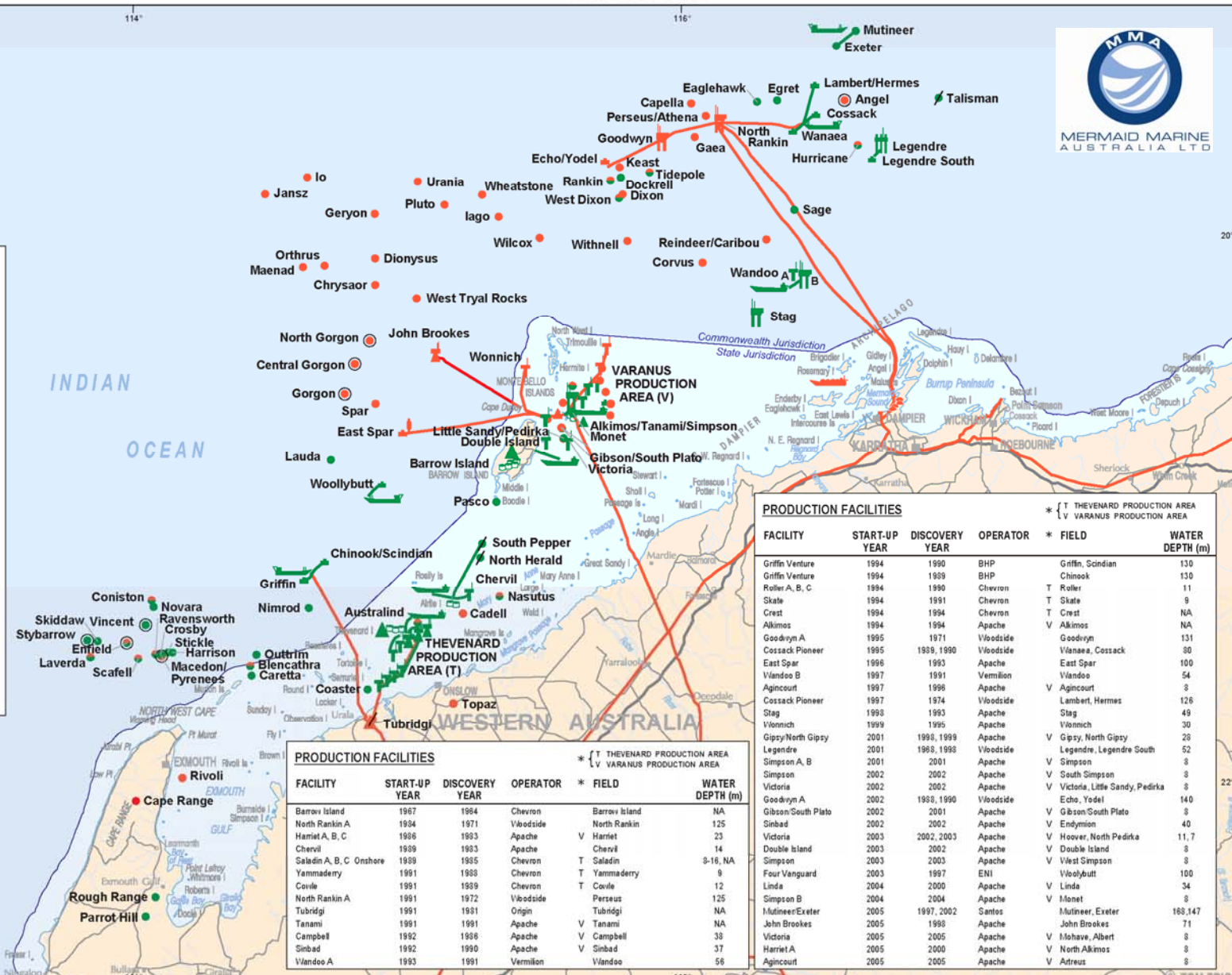


HYDROCARBON DISCOVERIES

- Gas
- Oil
- Oil & Gas

PRODUCTION FACILITIES

- Conventional platform
- Mini platform
- Jack-up rig
- Monopod/Minipod
- Subsea completion, well
- Navigation, Command, and Control Buoy
- Floating Production Storage and Offloading vessel
- LNG carrier
- Oil carrier
- Pipeline, Proposed pipeline
- LNG storage tanks
- Oil storage tanks
- Onshore production facility
- Under construction
- Proposed development
- Abandoned field



PRODUCTION FACILITIES

FACILITY	START-UP YEAR	DISCOVERY YEAR	OPERATOR	* FIELD	WATER DEPTH (m)
Barrow Island	1967	1964	Chevron	Barrow Island	NA
North Rankin A	1964	1971	Vodside	North Rankin	125
Harriet A, B, C	1966	1963	Apache	V Harriet	23
Chevil	1969	1963	Apache	Chevil	14
Saladin A, B, C Onshore	1969	1965	Chevron	T Saladin	\$-16, NA
Yamnadery	1991	1988	Chevron	T Yamnadery	9
Covile	1991	1969	Chevron	T Covile	12
North Rankin A	1991	1972	Vodside	Perseus	125
Tubridgi	1991	1981	Origin	Tubridgi	NA
Tanami	1991	1991	Apache	V Tanami	NA
Campbell	1992	1966	Apache	V Campbell	38
Sinbad	1992	1990	Apache	V Sinbad	37
Wandoo A	1993	1991	Vermilion	Wandoo	56

PRODUCTION FACILITIES

FACILITY	START-UP YEAR	DISCOVERY YEAR	OPERATOR	* FIELD	WATER DEPTH (m)
Griffin Venture	1994	1990	BHP	Griffin, Scindian	130
Griffin Venture	1994	1989	BHP	Chinook	130
Roller A, B, C	1994	1968	Chevron	T Roller	11
Skate	1994	1991	Chevron	T Skate	9
Crest	1994	1994	Chevron	T Crest	NA
Alkimos	1994	1994	Apache	V Alkimos	NA
Goodwyn A	1995	1971	Vodside	Goodwyn	131
Cossack Pioneer	1995	1939, 1990	Vodside	Vanaea, Cossack	80
East Spar	1996	1993	Apache	East Spar	100
Vandoo B	1997	1991	Vermilion	Wandoo	54
Agincourt	1997	1996	Apache	V Agincourt	8
Cossack Pioneer	1997	1974	Vodside	Lambert, Hermes	126
Stag	1998	1963	Apache	Stag	49
Wonnich	1999	1996	Apache	Wonnich	30
Gypsy/North Gypsy	2001	1998, 1999	Apache	V Gypsy, North Gypsy	28
Legendre	2001	1968, 1998	Vodside	Legendre, Legendre South	52
Simpson A, B	2001	2001	Apache	V Simpson	8
Victoria	2002	2002	Apache	V Victoria	8
Goodwyn A	2002	1968, 1990	Vodside	Echo, Yodel	140
Gibson/South Plato	2002	2001	Apache	V Gibson/South Plato	8
Sinbad	2002	2002	Apache	V Endymion	40
Victoria	2003	2002, 2003	Apache	V Hoover, North Pedirka	11, 7
Double Island	2003	2002	Apache	V Double Island	8
Simpson	2003	2003	Apache	V West Simpson	8
Four Vanguard	2003	1997	ENI	Woollybutt	100
Linda	2004	2000	Apache	V Linda	34
Simpson B	2004	2004	Apache	V Monet	8
Mutineer/Exeter	2005	1997, 2002	Santos	Mutineer, Exeter	188, 147
John Brookes	2005	1998	Apache	John Brookes	71
Victoria	2005	2005	Apache	V Mohave, Albert	8
Harriet A	2005	2000	Apache	V North Alkimos	8
Agincourt	2005	2005	Apache	V Atrius	8

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Map produced by Petroleum and Royalties Division, Department of Industry and Resources WA. Merimee boundary data supplied by Geoscience Australia and is AMBS 2001 data. NWShe#_O&G_GDA_0601.lat - X.B

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*The Browse Basin is becoming a highly prospective region for new
LNG developments...*

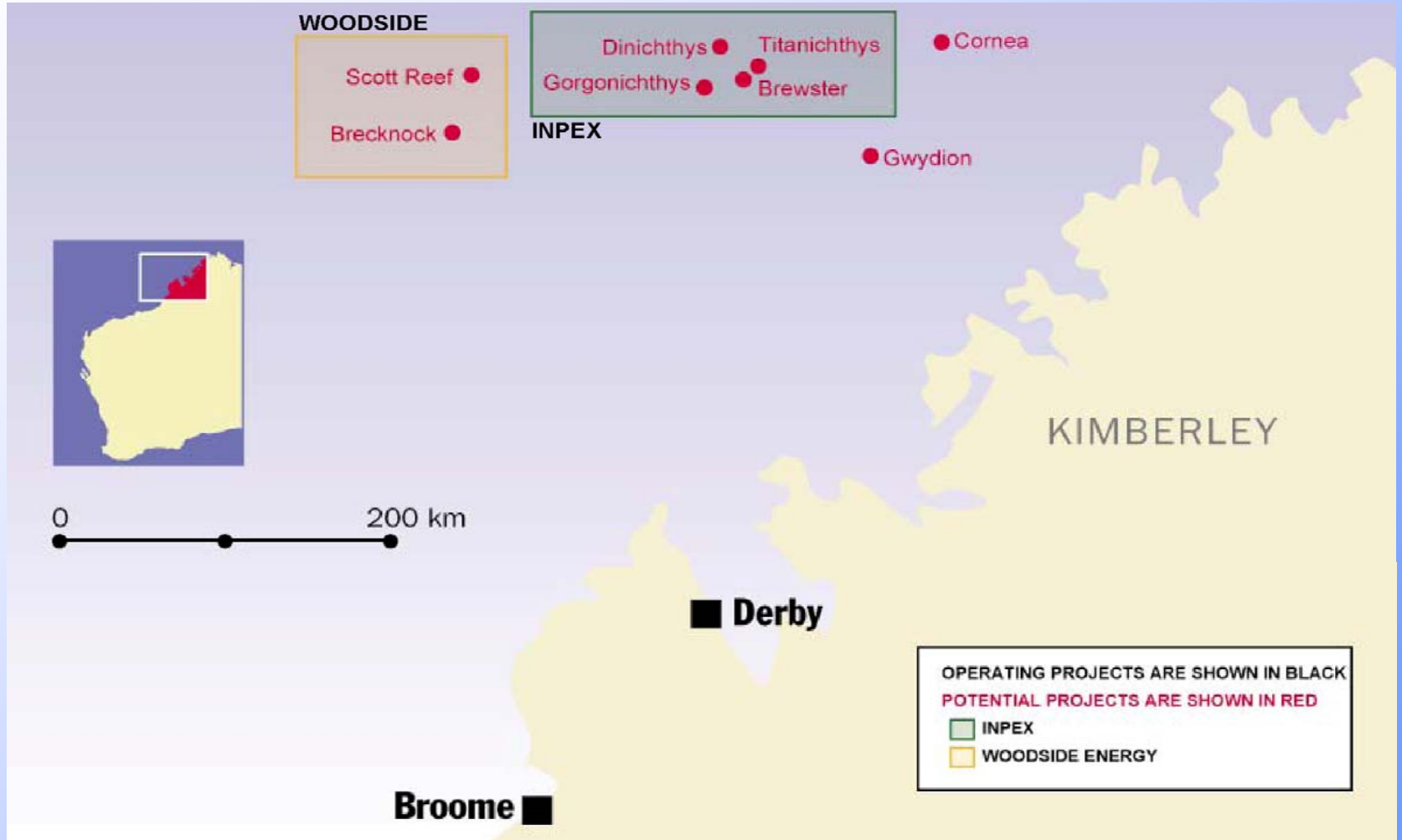
- Established 50/50 JV with Toll Holdings
- Negotiating new leases with Broome Port Authority
- Commencing work supporting drilling programmes
 - Woodside
 - Inpex
 - Shell





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Browse Basin





We achieved our objectives for 2006...

2006

Completed

- Conclude transaction between Mermaid Marine and Total Marine Services – Completed April 2006 ✓
- Finalise construction and delivery of Mermaid Investigator - Delivered April 2006 ✓
- Commence construction of Mermaid Sound - Commenced Feb 2006 ✓
- Complete wharf extension – Completed December 2005 ✓
- Progress supply base and vessel opportunities with Gorgon development - Ongoing



...and look for continued growth in 2007

2007

- Complete Construction of Mermaid Sound – due Feb 07
- Develop new Broome Supply Base facility
- Pursue further opportunities for fleet expansion
- Grow percentage of chartered vessel revenue
- Capture work from new projects as they come on stream
- Continue growth of operating earnings per share



Total shareholder return of 111% since 30/06/05...

Share Price at 14 Nov 06: 74 cents

Issued Share Capital: 140.1 M

Market Capitalisation: \$103.6 M

