



MERMAID MARINE
AUSTRALIA LTD

Not for release or distribution in the United States

25th February 2014

The Listing Manager
Australian Securities Exchange Ltd
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Dear Sir/Madam,

Mermaid Marine Australia Limited (ASX code: MRM)

Notification under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* as modified by ASIC Class Order 08/35 (CO 08/35)

Mermaid Marine Australia Limited ABN 21 083 185 693 (**MMA**) has today announced an accelerated renounceable pro rata entitlement offer (**Entitlement Offer**) of 7 fully paid ordinary shares in MMA (**New Shares**) for every 18 shares in MMA held as at 7.00pm (Sydney time) on Friday, 28 February 2014 by MMA shareholders with registered addresses in Australia or New Zealand and certain institutional holders in other jurisdictions in which MMA makes offers (**Eligible Shareholders**).

Contemporaneously with the Entitlement Offer, MMA announced an institutional placement of up to approximately 41,690,795 fully paid ordinary shares (**Placement**).

In respect of the Entitlement Offer, MMA gives notice under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) as modified by ASIC Class Order 08/35, that:

1. MMA will offer New Shares in MMA for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) MMA has complied with the provisions of Chapter 2M of the Corporations Act as they apply to MMA;
 - (b) MMA has complied with section 674 of the Corporations Act; and

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- (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The effect the issue of New Shares under the Entitlement Offer will have on the control of MMA, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Entitlement Offer as a pro rata offer, the potential effect that the issue of the New Shares will have on the control of MMA is as follows:
- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, there will be no material effect on the control of MMA;
 - (b) to the extent that any Eligible Shareholder fails to take up their entitlements under the Entitlement Offer, that Eligible Shareholder's percentage holding in MMA shares will be diluted by the issue of the New Shares under the Entitlement Offer;
 - (c) so far as MMA is aware and based on substantial holding notices that have been lodged prior to the date of this notice, there are no MMA shareholders with voting power of 20% or more as at the date of this notice;
 - (d) the Entitlement Offer is fully underwritten by Morgan Stanley Australia Securities Limited (**Underwriter**);
 - (e) the percentage holding in MMA shares of MMA shareholders with registered addresses outside of Australia and New Zealand (excluding any relevant institutional holders who participate in the institutional component of the Entitlement Offer) will be diluted as a result of the issue of the New Shares under the Entitlement Offer; and
 - (f) although the issue of New Shares that are not taken up by Eligible Shareholders under the Entitlement Offer may increase the voting power of the Underwriter in MMA (or eligible institutional investors who may be allocated New Shares via the bookbuild processes to be conducted by the Underwriter), it is not expected to have any material effect on the control of MMA.

Yours faithfully
MERMAID MARINE AUSTRALIA LIMITED



DYLAN ROBERTS
Company Secretary