



MERMAID MARINE
AUSTRALIA LTD

Eagle Jetty, 20 Mews Road
FREMANTLE WA 6160

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

22 May 2008

The Listing Manager
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

RE: SHARE PURCHASE PLAN

Please find attached documents to be mailed to shareholders in relation to the Company's Share Purchase Plan which was announced to the market on the 5th May 2008.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED

PETER RAYNOR
Company Secretary

DAMPIER SUPPLY BASE

PO Box 822, KARRATHA WA 6714

Mermaid Road, DAMPIER WA 6713

T (+61) 8 9183 6600 F (+61) 8 9183 6660

BROOME SUPPLY BASE

PO Box 3401, BROOME WA 6725

1 Port Drive, BROOME WA 6725

T (+61) 8 9192 2200 F (+61) 8 9192 2281



MERMAID MARINE
AUSTRALIA LTD

Eagle Jetty, 20 Mews Road
FREMANTLE WA 6160

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

20 May 2008

Dear Shareholder

SHARE PURCHASE PLAN

The directors of Mermaid Marine Australia Limited ABN 21 083 185 693 (**MMA**) are pleased to offer MMA shareholders the opportunity to purchase additional shares in MMA through a Share Purchase Plan (**SPP**).

The funds raised under the SPP will be used to support the proposed capital expenditure for the expansion of the Dampier Supply Base which was recently approved by the MMA Board and to support the Company's future growth plans.

This offer is being extended to all eligible shareholders on MMA's share register as at 5.00pm (WST) on 19 May 2008 (**Record Date**).

Under the SPP, MMA is providing eligible shareholders with the opportunity to subscribe for up to \$5,000 worth of additional shares at \$1.45 per share, being the same price as the shares issued under the recent Institutional Placement which was completed by the Company, rounded up to the nearest whole share (the **new shares**). This issue price represents a discount of approximately 3.3% to the volume weighted average price (**VWAP**) of MMA's shares over the 5 trading days before 5 May 2008 (being the date the SPP was announced) and a discount of approximately 12.4% to the VWAP of MMA's shares over the period commencing 5 May 2008 up to and including 19 May 2008 (being the Record Date).

Please note that the market price of MMA's shares may rise or fall before the issue of new shares under the SPP, and therefore the issue price of the new shares may exceed or be less than the market price of MMA's shares at the time of issue.

If you are eligible to participate in the SPP, you may select **only one** of the following offers to purchase new shares in MMA:

- 690 new shares at a purchase price of \$1,000;
- 1,380 new shares at a purchase price of \$2,000;
- 2,069 new shares at a purchase price of \$3,000;
- 2,759 new shares at a purchase price of \$4,000; or
- 3,449 new shares at a purchase price of \$5,000.

DAMPIER SUPPLY BASE

PO Box 822, KARRATHA WA 6714

Mermaid Road, DAMPIER WA 6713

T (+61) 8 9183 6600 F (+61) 8 9183 6660

BROOME SUPPLY BASE

PO Box 3401, BROOME WA 6725

1 Port Drive, BROOME WA 6725

T (+61) 8 9192 2200 F (+61) 8 9192 2281

Key dates

Record date	19 May 2008
Closing date of offer	16 June 2008
Issue of new shares	20 June 2008
Quotation of new shares on ASX	23 June 2008

Note: these dates are indicative only, and may be varied by MMA without notice to shareholders.

Participation in the SPP is voluntary. If you wish to participate in the SPP, please read the enclosed booklet and Application Form which set out the terms and conditions of the offer, as you will be bound by them. You should then make your payment by BPay, or send in your completed Application Form and cheque, bank draft or money order to our share registry, Computershare Investor Services, so that it is received by 5.00pm (WST) on 16 June 2008.

If you have any questions about the SPP, please contact MMA's share registry, Computershare Investor Services, on 1300 557 010 (toll free).

Yours sincerely



Tony Howarth
Chairman

Mermaid Marine Australia Limited

SHARE PURCHASE PLAN

INFORMATION BOOKLET

This Information Booklet sets out the terms and conditions of the Mermaid Marine Australia Share Purchase Plan (SPP).

1. Offer of new shares under the SPP

The SPP provides eligible Mermaid Marine Australia Limited (**MMA**) shareholders with the opportunity to acquire additional shares in MMA up to the value of \$5,000 at an issue price of \$1.45 per share (**new shares**), without brokerage and other transaction costs.

The offer under the SPP is non-renounceable, which means you cannot transfer your right to acquire shares under the offer to anyone else.

You should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP.

2. Eligible shareholders and participation

You are eligible to participate in the SPP if you were a registered holder of fully paid ordinary shares of MMA on 19 May 2008 with a registered address in either Australia or New Zealand.

If you are eligible to participate in the SPP, you may select **only 1** of the following offers to purchase new shares:

	Number of new shares which may be purchased*	Total amount payable at \$1.45 per share
Offer A	690 shares	\$1,000
Offer B	1,380 shares	\$2,000
Offer C	2,069 shares	\$3,000
Offer D	2,759 shares	\$4,000
Offer E	3,449 shares	\$5,000

**Note: the number of shares is rounded up to the nearest whole share.*

Important notes:

The maximum application amount of \$5,000 applies to **all** shareholders (irrespective of size of holding) even if you receive more than 1 offer from MMA (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts). This is because by law the maximum amount that may be raised from each eligible shareholder under a share purchase plan is \$5,000 in any 12 month period. By applying for new shares under the SPP, you confirm that the total amount of all shares purchased by you under the SPP **does not exceed \$5,000**.

However, if you act as a trustee or nominee in respect of more than 1 beneficiary, you may apply for up to \$5,000 of new shares for each occasion that you are separately recorded as a trustee or nominee for a different beneficiary. MMA reserves the right to reject any application for new shares where it believes this requirement has not been complied with.

3. Issue price

The issue price for each new share is \$1.45, being the same price as the shares issued under the recent Institutional Placement which was completed by the Company, rounded up to the nearest whole share for each offer of new shares described in section 2. This issue price represents a discount of approximately 3.3% to the volume weighted average price (**VWAP**) of MMA's ordinary shares traded on ASX during the 5 trading days before 5 May 2008 (being the date the SPP was announced) and a discount of approximately 12.4% to the VWAP of MMA's shares over the period commencing 5 May 2008 up to and including 19 May 2008 (being the Record Date).

You should note that the market price of MMA's shares could rise or fall between the date of this offer and the date when MMA allots the new shares to you. This means that the price you pay for every new share under this offer may exceed or be less than the market price of MMA's shares at the time the new shares are allotted to you under the SPP.

No brokerage or other transaction costs apply to the application for and allotment of new shares under the SPP.

4. Application for new shares

You may apply for new shares by one of the methods set out on the enclosed Application Form. If you are paying by BPay, you do not need to return the Application Form.

If you are paying by cheque, bank draft or money order, your Application Form, together with your cheque, bank draft or money order made payable to "Mermaid Marine Australia Limited - Share Purchase Plan" must be sent to MMA's share registry, Computershare Investor Services (at the address set out in the Application Form) so that they are received by 5.00pm (WST) on 16 June 2008 (**Closing Time**). A reply paid envelope is enclosed for your convenience.

You should allow adequate time for your payment to be received by the Closing Time. Applications received after the Closing Time will not be accepted.

5. Issue of new shares

New shares will be issued on or about 20 June 2008. It is expected that the new shares allotted to you under the SPP will be quoted on ASX on or about 23 June 2008 and you should receive your holding statement or confirmation advice shortly after that date.

New shares will rank equally with existing fully paid ordinary shares in MMA and will carry the same voting rights, dividend rights and other entitlements at the allotment date.

6. Questions

If you have any questions, please contact MMA's share registry, Computershare Investor Services, on 1300 557 010 (toll free).

7. Other terms and conditions

Shareholders will be bound by the constitution of MMA and these terms and conditions by accepting the offer to acquire new shares under the SPP.

MMA has a broad discretion to accept or reject your application to purchase new shares under the SPP, including (without limitation) if:

- your application form is incorrectly completed or incomplete or otherwise determined by MMA to be invalid;
- your cheque is dishonoured or has not been completed correctly;
- your cheque is not made out for the exact amount of the parcel of new shares that you have selected on the application form;
- it appears that you are applying to subscribe for more than \$5,000 (in aggregate) of new shares; or
- MMA believes that you are not an eligible shareholder.

No interest will be paid on any application money returned to you.

If you apply to participate in the SPP by completing and returning the application form:

- your application, on these terms and conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- you acknowledge that you are eligible to participate in the SPP in accordance with these terms and conditions;
- you certify that you have not applied for new shares with an aggregate application price in excess of \$5,000 under the SPP in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on MMA's share register; and
- you irrevocably and unconditionally agree to the terms and conditions of the SPP.

The offer of new shares under the SPP is in accordance with ASIC Class Order CO 02/831 which grants relief from the requirement to prepare a disclosure document for the offer.

MMA reserves the right to reject any application for new shares under the SPP that it believes does not comply with the terms and conditions in this booklet. MMA may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determination by MMA will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates.

MMA reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where MMA does not notify one or more eligible shareholders of that event.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY



Please return completed form to:
 Computershare Investor Services Pty Limited
 GPO Box D182 Perth
 Western Australia 6840 Australia
 Enquiries (within Australia) 1300 557 010
 (outside Australia) 61 3 9415 4000
 Facsimile 61 8 9323 2033
 web.queries@computershare.com.au
 www.computershare.com



000001
 000
 SAM
 MR JOHN SAMPLE
 FLAT 123
 SAMPLE STREET
 SAMPLE STREET
 SAMPLE STREET
 SAMPLETOWN VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Entitlement Number:
 Record Date: 19 May 2008
 Offer Closes: 5:00pm WST on 16 June 2008
 Price per Share: A\$1.45

SHARE PURCHASE PLAN APPLICATION FORM

IMPORTANT

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser. Pursuant to the terms and conditions of the Mermaid Marine Australia Limited Share Purchase Plan (SPP) contained in the letter to Mermaid Marine Australia Limited securityholders dated 20 May 2008, Mermaid Marine Australia Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$5,000 per eligible securityholder, subject to a minimum application of A\$1,000.

If you do not wish to purchase additional shares under this offer there is no need to take any action.

By making your payment, you agree to be bound by the Constitution of Mermaid Marine Australia Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Mermaid Marine Australia Limited to subscribe for Mermaid Marine Australia Limited Shares on the terms of the SPP. In addition, by submitting the Application Slip below you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Form; and
 - any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Slip,
- does not exceed \$5,000.00.

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Mermaid Marine Australia Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Mermaid Marine Australia Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Mermaid Marine Australia Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Mermaid Marine Australia Limited does not notify you of that event.

This offer is Non-Renounceable - no Signature is required
Applications can only be accepted in the name printed on this form

M R M

S P R B

055078_00QNVG



Please see overleaf for Payment Options



Billers Code: 123456
 Ref No: 123412341234123412

I/We wish to purchase:

690 shares for A\$1,000 or 1,380 shares for A\$2,000 or 2,069 shares for A\$3,000 or 2,759 shares for A\$4,000 or 3,449 shares for A\$5,000

Payment Details

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Mermaid Marine Australia Limited – Share Purchase Plan

Contact Details

Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

How to accept the Share Purchase Plan

Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this slip if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this form.

Please make your cheque, bank draft or money order payable to Mermaid Marine Australia Limited – Share Purchase Plan in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Please complete cheque details in the boxes provided.

If paying by cheque, please return the Application Slip and cheque, bank draft or money order in the envelope provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque to the Application Slip where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Please enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

Please note, if you are applying for shares and your payment is being made by BPay, you do not need to return this form. Your payment must be received by no later than 4:00pm WST on 16 June 2008. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

If you are paying by cheque, bank draft or money order, your Application Slip must be received by Computershare Investor Services Pty Limited (CIS) Perth by no later than 5:00pm WST on 16 June 2008. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return your Application Slip with cheque, bank draft or money order attached.

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 557 010 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHES holders must contact their Controlling Participant to notify a change of address

Payment Options:



Billers Code: 123456

Ref No: 123412341234123412

Telephone & Internet Banking – BPay

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail
Mermaid Marine Australia Limited
Computershare Investor
Services Pty Limited
GPO Box D182
Perth, Western Australia 6840
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

