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The Listing Manager
Australian Securities Exchange Ltd
Level 4, Stock Exchange Centre
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

Mermaid Marine Secures FPSO Support Contract with Santos

The Directors of Mermaid Marine Australia Limited (MMA or Company) are pleased to announce that the Company has been awarded a contract with Santos Limited in respect of the "Mermaid Ranger" for the provision of offshore marine support to Santos' Modoc Venture 11 (MV 11) floating production, storage and offloading (FPSO) facility in the Carnarvon Basin.

The contract is for a term of two (2) years firm with three (3) x 12 month options and is due to commence in March 2013. The "Mermaid Ranger" is a 40 metre OSV built in 2007 and purchased by MMA in 2010. The contract value is approximately A\$15 million for the firm period with further upside should the options be exercised.

The MV 11 FPSO services the Mutineer-Exeter fields and will also service the Fletcher Finucane fields once developed. The Finucane South-1A discovery underpinning the Fletcher Finucane project was made in May 2011 and is located approximately seven kilometres to the South of the Fletcher oil field and 16 kilometres East of the MV 11 FPSO at Mutineer-Exeter. The project involves the development of a three-well sub-sea tie back to MV 11 FPSO. The project is expected to extend the economic life of Mutineer-Exeter by up to four years, with an estimated average gross production rate of 15,000 barrels per day for the initial 12 months. Gross proved and probable reserves are estimated at approximately 14 million barrels.

The \$490 million Fletcher Finucane project was sanctioned by the Joint Venture Partners on 13 January 2012, with development drilling commencing in June 2013, and first oil is expected in the second half of 2013.

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
Lot 549 Port Drive, BROOME WA 6725
P (+61) 8 9194 4200 F (+61) 8 9194 4299

MMA Managing Director, Mr. Jeff Weber said: *"We are extremely pleased to continue our working relationship with Santos on the North West Shelf. A key part of our ongoing strategy is to work with quality operators supporting their production facilities through vessels linked to our supply base. The Santos MV 11 FPSO operation fits perfectly into that strategy and MMA looks forward to working with Santos to make the operation safe and successful."*

For further information contact:

Mr. Jeffrey Weber – Managing Director

Mermaid Marine Australia Limited

Telephone: (+61) 8 9431 7431

Fax: (+61) 8 9431 7432

Email: jeff.weber@mma.com.au