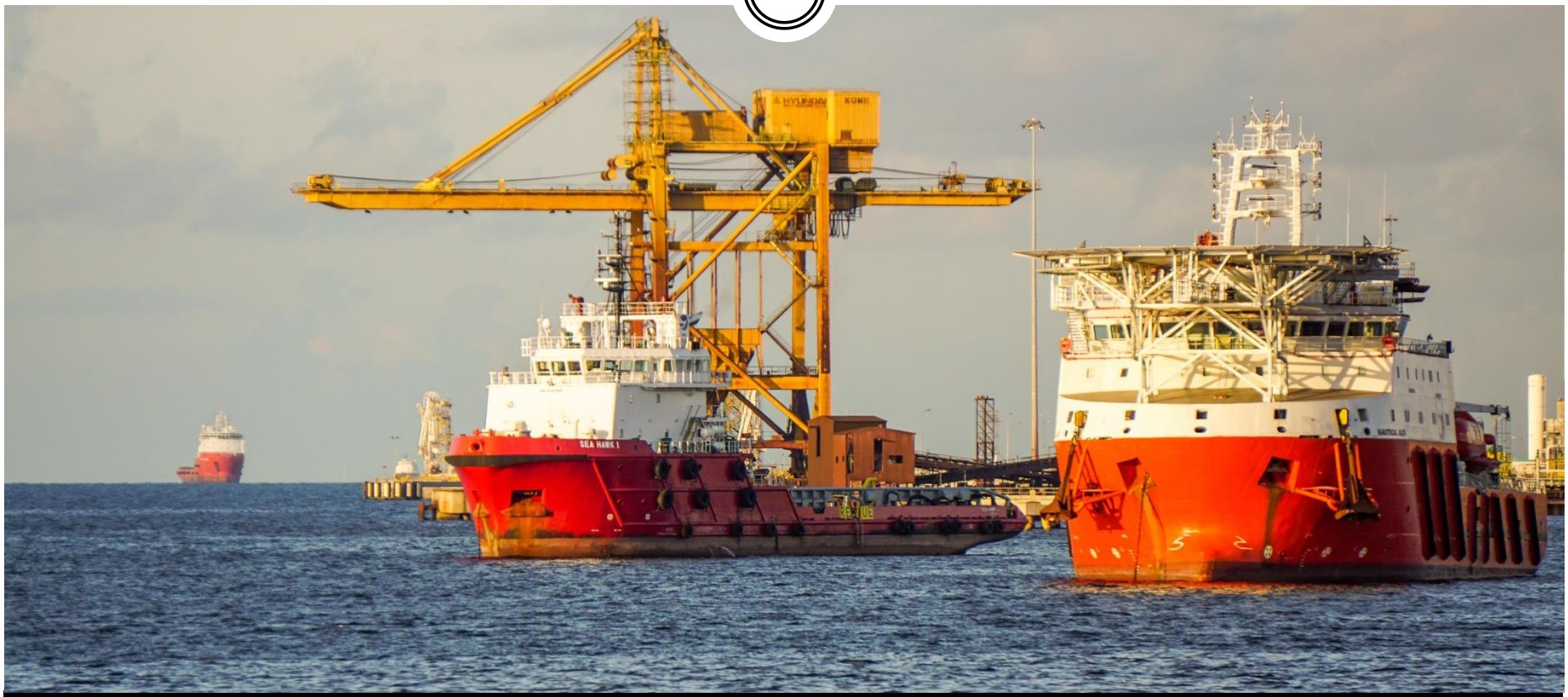
Change for MMA Offshore



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Executive Summary

- Halom Investments is the largest shareholder in MMA Offshore (ASX:MRM), with an 18% interest.
- We have become concerned with the direction of MMA under current stewardship. Halom believes change is required to salvage the company from its unsustainable capital structure, promote a new strategic vision and restore value for shareholders that has been destroyed.
- On 20 September 2017, Halom wrote to MMA's Board proposing removal and replacement of two Board Members, the CEO Jeff Weber and the Chairman Tony Howarth.
- To Halom's disappointment, MMA did not disclose the Member's Statement from Halom to all shareholders outlining our concerns, as part of its 25 September 2017 ASX announcement. It was not released until the 27 October 2017 AGM notice. We outline these concerns in this presentation.

($882m)	($522m)	$5.1m	$324m
Shareholder Value Loss (since 2013)	Last Two Year Losses	CEO Pay for FY14 – FY17	MMA's Total Debt

Executive Summary (continued)

This presentation sets out our concerns about MMA
and the reasons the Company's largest shareholder believes change is required

ASIC queries	ASIC reviewed MMA's FY2016 financials as part of its ongoing financial reporting surveillance programme. ASIC raised concerns regarding the value of PP&E relating to the Vessels business, resulting in subsequent write-downs.
Massive value collapse	During the terms of the current Board (excluding Peter Kennan), MMA has experienced an $882m collapse in shareholder value. MMA's market capitalisation declined from $951m to $69m between 28 February 2013 and 11 September 2017.
Serious liquidity risks, with no recovery on the horizon	MMA is likely running out of cash. It had $19m of unrestricted cash at June 2017 and an estimated annual cash burn of $22m. With the OSV market not expected to improve for several years, MMA's cash burn (including >$24m p.a. in interest payments on debt) poses a significant risk to the company's survival.
CFO exit	MMA's CFO Peter Raynor suddenly resigned on 28 July 2017. There was no early market signalling for his departure, despite MMA's financially precarious position and need for a CFO. It took over three months to find a replacement

Executive Summary (continued)

This presentation sets out our concerns about MMA
and the reasons the Company's largest shareholder believes change is required

Unsustainable debt

In Halom's view, MMA's current debt is unsustainable. At June 2017, it had $324m of borrowings reflecting 18x FY2017 EBITDA from continuing operations. So far we have not seen sufficient action being taken to correct MMA's balance sheet.

No accountability

There has been inadequate accountability for the poorly timed, top-of-cycle acquisition of Jaya Holdings in 2014 for A$550m using US$227m in new debt funding. Total debt post acquisition of Jaya was A$447m. The acquisition and incurrence of debt have materially contributed to MMA's current financial woes, particularly after the cyclical downturn occurred.

Jaya acquisition debt

The incurrence of substantial debt at the top of the cycle through the Jaya acquisition has materially contributed to MMA's financial challenges, after the cyclical downturn occurred (now 18x FY17 EBITDA). The Chairman and CEO together with other board members (except Peter Kennan, appointed recently) undertook this acquisition.

Inappropriate 'buy high, sell low' strategy

In Halom's opinion, the current approach taken by the Board and CEO to sell vessels at extremely low prices now, after having acquired Jaya's assets in materially higher pricing environments at that time (as recent as 2014) is value destructive. This contradicts the common principle of "Buy Low, Sell High" and erodes value.

Executive Summary (continued)

This presentation sets out our concerns about MMA
and the reasons the Company's largest shareholder believes change is required

Sale of key strategic asset only to repay debt

MMA has sold an important strategic asset – Dampier Supply Base & Slipway – to repay lenders. This erodes value and optionality for all stakeholders, as this asset generally gives MMA an added competitive advantage in the north-west WA region (e.g. past Gorgon project) and possibly the impending Chevron and Woodside Petroleum joint venture project in the near future. In fact, the sale price was less than the EBITDA of the assets in FY13 & FY14.

Executive remuneration

Since the Jaya acquisition in 2014, MMA's CEO Jeff Weber has received $5.1m in total compensation (averaging approximately $1.275m p.a.) while cumulative losses have totalled $519m. In Halom's opinion the CEO's pay (including stock-based incentives) has not been appropriately performance based and there has been a misalignment with shareholders' interests. Halom seeks accountability & change.

Lack of strategic direction

MMA had poor strategic direction since 2014 and in Halom's views lacks strategic direction going forward. It appears that the Company has no effective plan to derive sustainable returns through the present cycle. After 15 years with the same CEO, fresh ideas with dynamic management and expertise is required.

Current Board's strategic review lacks credibility

In Halom's opinion, MMA's current board and management are not in a credible position to lead a strategic review. Any review undertaken will likely need to analyse their own previous decisions, any past errors of judgement and may not give sufficient thoughts to the rectification of their previous courses of action. A fundamental re-think of MMA's overall strategy is essential.

It is time for change and fresh perspectives

Halom is proposing changes to seek to correct the course set by the current Chairman, Tony Howarth, and CEO, Jeff Weber

Halom's proposed action is to stabilise the Company

MMA has claimed that the actions taken by Halom are destabilising to the Company. Halom is of the view that the current Board and CEO have made decisions and set strategies that have adversely affected the Company (e.g. resulting in 18x Debt-to-EBITDA). Taking decisive and corrective action is essential to Halom as a major shareholder.

Halom credentials well suited to stabilise and grow MMA

Halom can assist in stabilising the Company. Halom is financially backed by Michael Kum, an industry veteran having over 3 decades of hands-on experience in the OSV owning and chartering market. He has gained experience through the various upturn and downturn cycles since the 1970's. Halom has proposed two new board members who will advocate a strategic review to save the company from possible insolvency and to drive a turnaround.

It is time for change and fresh perspectives

(continued)

Halom is proposing changes to seek to correct the course set by the current Chairman, Tony Howarth, and CEO, Jeff Weber

Good corporate governance

The average tenure of the Company's existing Board is over 9.5 years with a minimum of 5 years (excluding Peter Kennan, appointed after Halom lodged its notices on 20 September 2017). During the terms of the current board (excluding Peter Kennan), MMA has experienced a collapse in shareholder value since FY14. Considering the existing tenure of the current Board (excluding Peter Kennan) and the massive losses, a new perspective with dynamic management is essential.

Halom's proposed directors have more than adequate OSV related experience. The proposed directors would help to create a refreshed Board with sufficient OSV experience and new perspectives to lead a dynamic management team. Jeff Mews, for example, has OSV related experience and was a former director of MMA (1999-2009). Haridass Ajaib (a prominent admiralty, marine insurance and commercial lawyer with more than 4 decades of maritime law practice) is also a director of Temasek-linked Sembcorp Industries Limited and Sembcorp Marine Limited and SGX-listed Nam Cheong Limited, an OSV builder.

Shareholders will have a say

Taking into account all matters that have led to MMA's current position since 2014, shareholders will have the opportunity to evaluate for themselves all matters (e.g. Jaya acquisition) leading to MMA's current precarious financial position. It is interesting to read and digest the rationale of the Jaya acquisition at that time, relative to what have happened to the Company after that.

Shareholders can then form their own view and make an informed vote on the removal of the CEO (Jeff Weber) and appointment of new Board members at the upcoming AGM (set for **30 November 2017**)

How to vote on Halom's resolutions

How to vote

MMA has now released its 2017 AGM notice. **The AGM will be held on 30 November 2017 at 10.30am** at the company's offices, Endeavour Shed, 1 Mews Road, Fremantle WA.

Many shareholders have asked us how they can support our resolutions to refresh the governance of MMA and advocate for a new strategic direction for the company. We have included instructions on how to vote in support of Halom's resolutions below, should you choose to do so. Halom and its advisers will be attending. We look forward to meeting you if you attend.

To support our initiative for change, we recommend shareholders vote as follows on Halom's resolutions at the AGM:

Resolution 4 – Removal of Tony Howarth as Director	**Vote For** ✓
Resolution 5 – Removal of Jeff Weber as Director	**Vote For** ✓
Resolution 6 – Appointment of Jeff Mews as Director	**Vote For** ✓
Resolution 7 – Appointment of Ajaib Hari Dass as Director	**Vote For** ✓

How to vote on MMA's resolutions

How to vote

To support our initiative for change, we recommend shareholders vote as follows on MMA's 'ordinary business' resolutions at the upcoming AGM.

Resolution 1 – Remuneration Report: Our opinion is that MMA's remuneration package for its CEO Jeff Weber for FY 2017 remains excessive (notwithstanding recent changes). It is not commensurate with the current challenging market conditions nor the substantial losses suffered by the Company in FY16 and FY17.

Resolution 2 – Re-election of Ms Eva Alexandra (Eve) Howell as a Director: We have recommended shareholders VOTE FOR the re-election of non-executive director Eve Howell. This is to promote continuity on the Board going forward.

Resolution 3 – Election of Peter Kennan as a director: Black Crane Capital, represented by Peter Kennan, is a hedge fund. Peter has no OSV experience, to our knowledge based on MMA's public disclosures. We are concerned that his agenda, as a hedge fund investor, may not be aligned to long term strategic investors in OSV businesses. We consider that, in the circumstances of MMA, it is not appropriate or required for a hedge fund to have Board representation.

Resolution 1 – Adoption of the Remuneration Report	**Vote Against**	✗
Resolution 2 – Re-election of Ms Eva Alexandra (Eve) Howell as a Director	**Vote For**	✓
Resolution 3 – Election of Mr Peter David Kennan as a Director	**Vote Against**	✗

Disappointment with AGM notice

We are currently reviewing the statements and materials made by the Board and its adviser Pareto Securities in the AGM notice.

We were absolutely disappointed with the directors' comments in the AGM notice. There continues to be inadequate accountability for the Company's position. For example, in Halom's view, the notice failed to acknowledge that the poorly timed, top-of-cycle acquisition of Jaya in 2014 for A$550m using US$227m of new debt funding materially contributed to the Company's financial challenges.

We were also particularly disappointed by the comments that Halom's resolutions:

1. Offer Halom disproportionate representation on the Board; and

2. Risk destabilising the Company's recovery strategy.

Halom is seeking two Board seats. This is not a majority but is sufficient to add expertise and advocate for change.
Halom is seeking to stabilise the Company and not to destabilise it as alleged. Without refreshed oversight, the Company is unlikely to rectify previous courses of action and may be seriously destabilised.

Halom, being financially backed by Michael Kum, is well resourced and comprises OSV industry people with experience since the 1970s. Leveraging the experience gained from the various upturn and downturn cycles since the 1970's, Halom has a good understanding of the current challenges facing MMA.

We will update our website periodically with more detailed observations after a thoughtful review of the AGM materials. Stay connected on www.ChangeForMMA.com

Concerns about MMA

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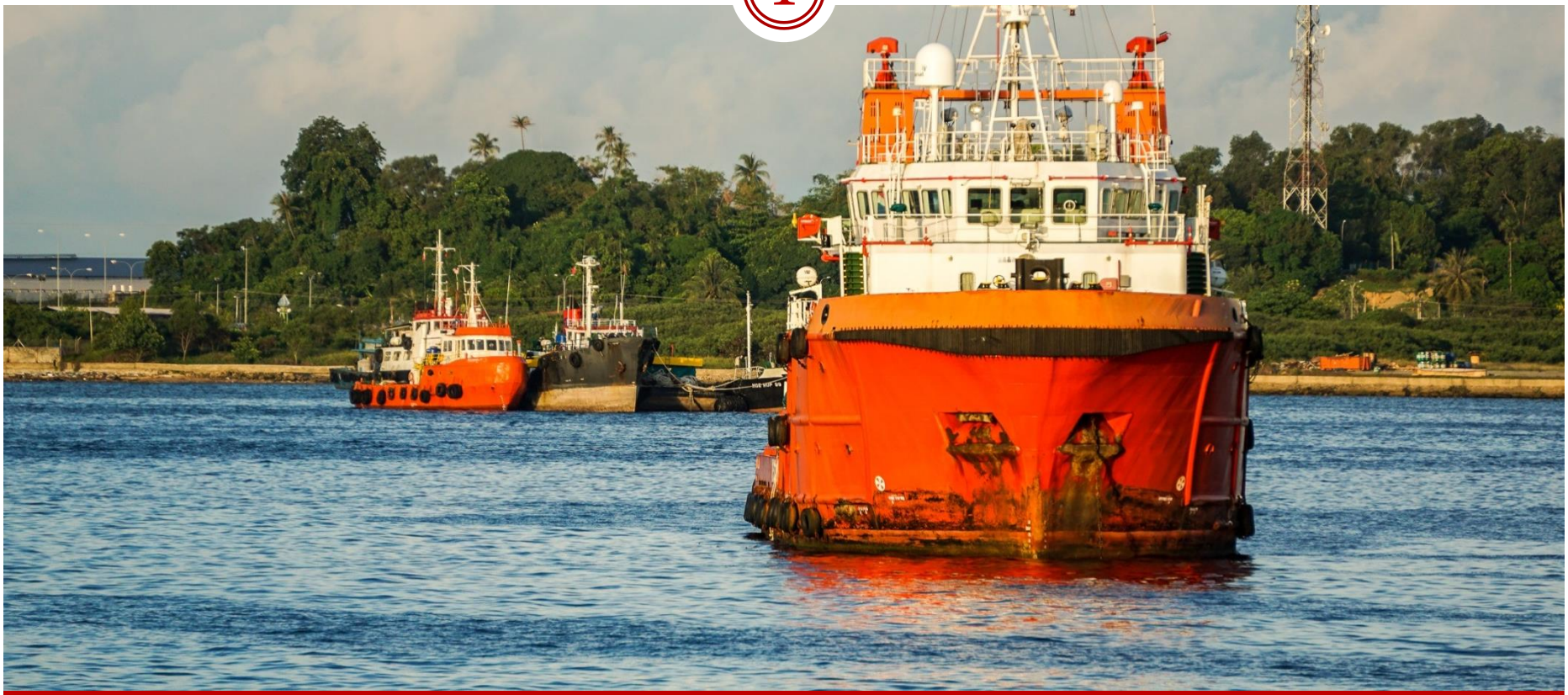


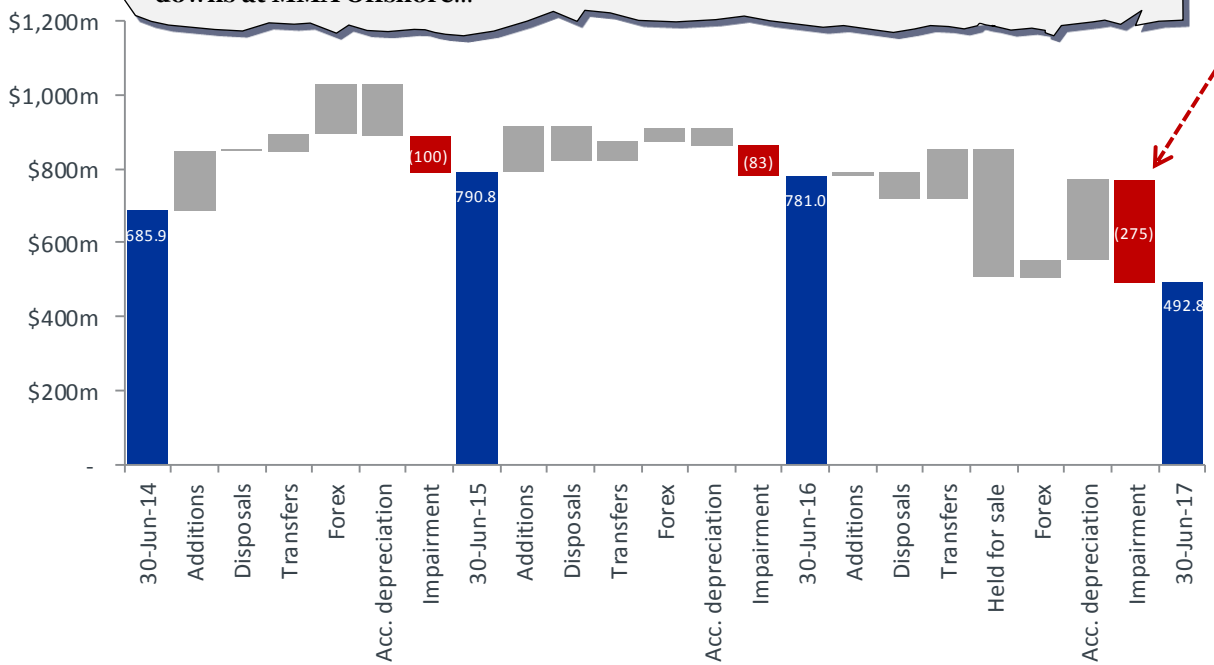
ASIC queries

ASIC reviewed MMA's FY2016 financials as part of its ongoing financial reporting surveillance programme. ASIC raised concerns regarding the value of PP&E relating to the Vessels business, resulting in subsequent write-downs.

The Sydney Morning Herald

8 March 2017

Public slap-downs from ASIC for companies with inflated asset valuations...In the February earnings season, **ASIC issued statements revealing its role in encouraging write-downs at MMA Offshore**...



In December 2016, MMA wrote-down its vessel value in response to an ASIC review. Since 30 June 2014, MMA has impaired $458m in vessel & PP&E values. In light of this course of events, Halom is sceptical of MMA's ability to sell assets without crystallising losses.

ASIC
Australian Securities & Investments Commission

ASIC media releases are point-in-time statements. Please note the date of issue and use the internal search function on the site to check for other media releases on the same or related matters.

Tuesday 7 March 2017

17-052MR MMA Offshore writes down property, plant and equipment

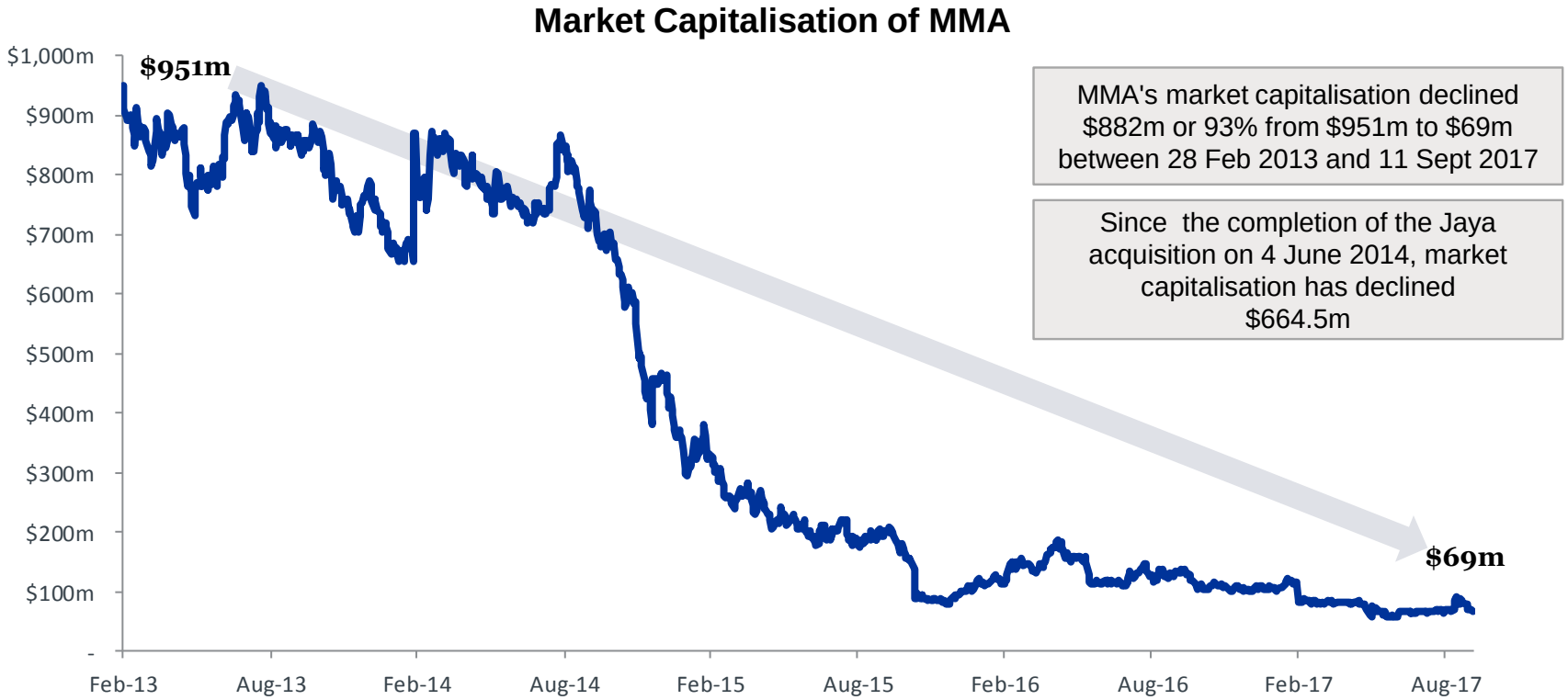
ASIC notes the decision by MMA Offshore Limited (MMA Offshore) to write down property, plant and equipment relating to the Vessels business by $254 million in its financial report for the half-year ended 31 December 2016.

ASIC reviewed MMA Offshore's 30 June 2016 financial report as part of its ongoing financial reporting surveillance program. ASIC raised concerns regarding the value of property, plant and equipment relating to the Vessels business.

As outlined in ASIC media release 16-428 *ASIC calls on preparers to focus on useful and meaningful financial reports*, impairment testing and asset values remains a focus area of our financial reporting surveillance.

Massive value collapse

During the terms of the current Board (excluding Peter Kennan), MMA has experienced an $882m collapse in shareholder value. MMA's market capitalisation declined from $951m to $69m between 28 February 2013 and 11 September 2017.



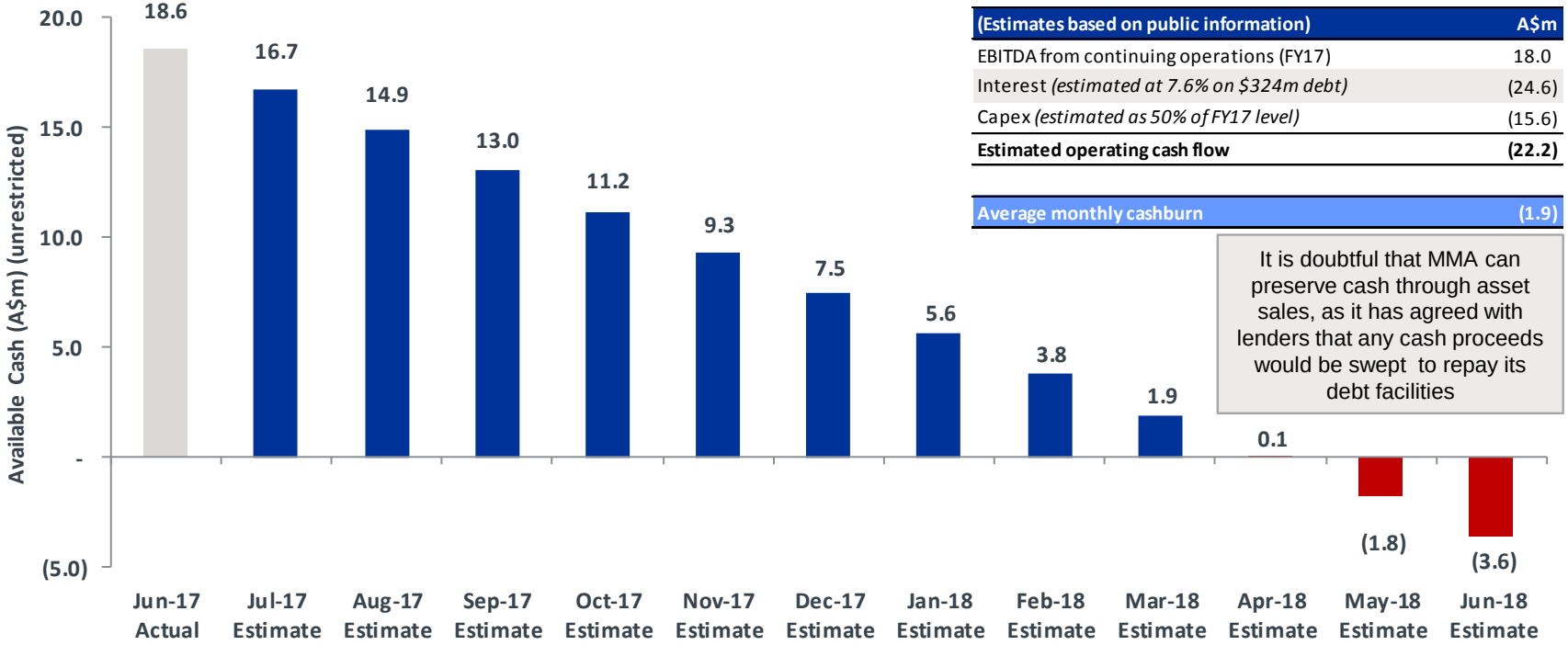
Source: IRESS

Serious liquidity risks, with no recovery on the horizon

MMA is likely running out of cash. It had $19m of unrestricted cash at June 2017 and an estimated annual cash burn of $22m. With the OSV market not expected to improve for several years, MMA's cash burn (including >$24m p.a. in interest payments on debt) poses a significant risk to the company's survival.

Cash Balance Illustration

The graph below illustrates the implications of MMA's cash burn on its unrestricted cash position.



(Estimates based on public information)	A$m
EBITDA from continuing operations (FY17)	18.0
Interest *(estimated at 7.6% on $324m debt)*	(24.6)
Capex *(estimated as 50% of FY17 level)*	(15.6)
Estimated operating cash flow	**(22.2)**
Average monthly cashburn	**(1.9)**

It is doubtful that MMA can preserve cash through asset sales, as it has agreed with lenders that any cash proceeds would be swept to repay its debt facilities

Note: Cash balance illustration is based on Halom's estimate of pro forma operating cash flow, as identified in the table above, assuming an average monthly cash flow profile. For illustrative purposes, this excludes the impact of working capital, seasonal cash profiles and one-off items. EBITDA assumed to be consistent with FY17 (continuing operations) based on commentary in MMA's FY17 financial report. Interest is assumed at 7.6%, per p21 of MMA's FY17 financial report. While management did not provide guidance on FY18 capex, we have assumed this would be 50% of FY17 level (calculated as 50% x ($31.865m FY17 capex - $0.569m hire purchase included in capex)), being lower as there are no further newbuilds and we assume MMA would seek to minimise capex due to its difficult financial position. **Forward looking statements:** Please refer to the Disclaimer

CFO exit

MMA's CFO Peter Raynor suddenly resigned on 28 July 2017. There was no early market signalling for his departure, despite MMA's financially precarious position and need for a CFO. It took over three months to find a replacement

MMA OFFSHORE

ASX Announcement

28 July 2017

Chief Financial Officer – Notice of Resignation

The Listing Manager
Australian Securities Exchange Ltd
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MMA OFFSHORE LIMITED ("MMA" or "COMPANY") – RESIGNATION OF CHIEF FINANCIAL OFFICER

MMA Offshore Limited (ASX:MRM) advises that Mr. Peter Raynor has resigned as Chief Financial Officer.

Peter will remain with the Company for the period required to facilitate a smooth hand over of responsibilities.

The Company has now commenced the search for a new Chief Financial Officer.

After 12 years with the Company, Peter felt the timing was appropriate to move on. Peter leaves having made an extremely valuable contribution to the Company's financial management and its leadership team.

The Company expresses its deep thanks to Peter for his service and commitment, and wishes him all the best for the future.

For further information please contact:

Mr. Jeffrey Weber, Managing Director +61 8 9431 7431

MMA Offshore Limited ABN 21 083 185 693 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

www.mmaoffshore.com A PERFECT DAY EVERY DAY

Peter joined MMA Offshore in 2005 and suddenly resigned as CFO at a time when the company is in a financially precarious position.

MMA took over three months to find a replacement CFO

MMA OFFSHORE

ASX Announcement

10 November 2017

Appointment of Chief Financial Officer

The Listing Manager
ASX Ltd
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MMA OFFSHORE LIMITED ("MMA" or "COMPANY") – APPOINTMENT OF CHIEF FINANCIAL OFFICER

MMA is pleased to announce the appointment of Mr David Cavanagh as Chief Financial Officer ("CFO") of the Company, effective 1 December 2017.

Mr Cavanagh will take over from outgoing CFO, Mr Peter Raynor, who leaves MMA with distinction having made an invaluable contribution to the Company over his 12 year tenure. Mr Raynor will remain with MMA for the time necessary to facilitate a smooth transition to Mr Cavanagh.

Mr Cavanagh comes to MMA with a strong commercial and finance background having served as a key member of Toll Group's Executive and Leadership team since 2010, his most recent role being General Manager, Finance and Commercial for Toll Global Logistics. As General Manager, he had financial accountability and responsibility for the accounting and commercial functions of approximately $1.2B of revenue and a balance sheet of $700M of assets.

Prior to this, Mr Cavanagh was Manager, Finance and Commercial for Toll Energy Marine and Toll Remote Logistics – where he oversaw an average annual revenue of over $300M. He also held an integral role in a successful negotiation team that secured over $300M in contracts for Toll Energy and Marine.

Mr Cavanagh also has extensive banking and finance experience having held management roles with PwC, Macquarie Bank and Deloitte. In these roles, he developed expertise in working with clients through corporate restructuring situations.

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PO Box 715 South Fremantle WA 6162 T +61 8 9431 7431 F +61 8 9431 7432

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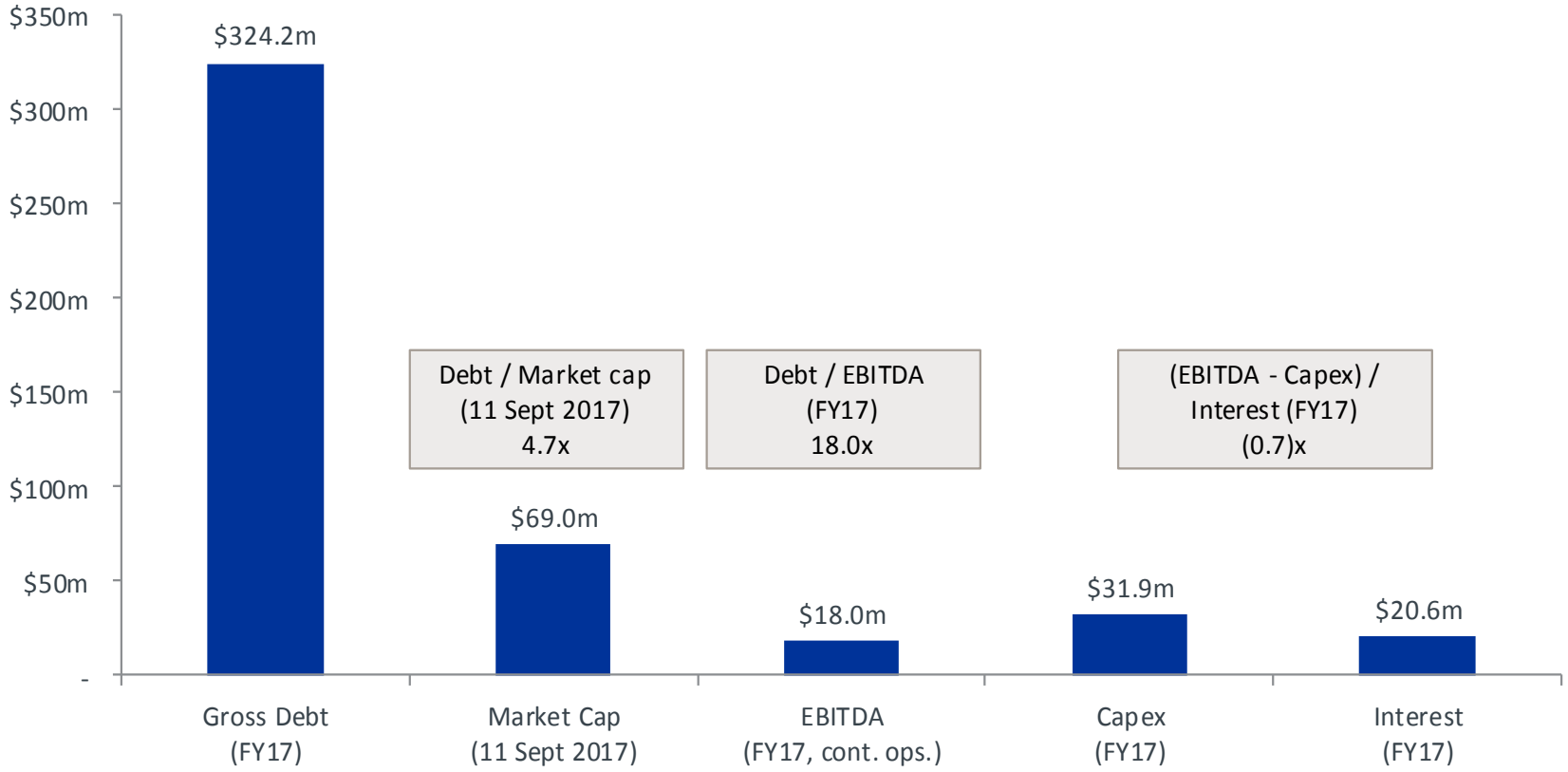
Unsustainable debt

In Halom's view, MMA's current debt is unsustainable. At June 2017, it had $324m of borrowings reflecting 18x FY2017 EBITDA from continuing operations. So far we have not seen sufficient action being taken to correct MMA's balance sheet.



No accountability

There has been inadequate accountability for the poorly timed, top-of-cycle acquisition of Jaya Holdings in 2014 for A$550m using US$227m in new debt funding. Total debt post acquisition of Jaya was A$447m. The acquisition and incurrence of debt have materially contributed to MMA's current financial woes, particularly after the cyclical downturn occurred.

Market perspectives on Jaya acquisition

Hartleys

27 Feb 2014

"We would have hoped for more from a A$550m acquisition… We are concerned that [MMA] is spending A$550m on assets that may only deliver modest EPS growth in FY15 and could include additional costs associated with restructuring of a loss making shipyard"

Deutsche Bank

31 July 2014

"Financially the acquisition isn't compelling, with the seemingly low multiple a reflection of Jaya's lower ROIC and the deal EPS dilutive over the near term."

MORNINGSTAR

12 November 2015

"The acquisition has stressed MMA's balance sheet at a time of earnings decline… The acquisition of Jaya was funded through a USD227 million debt facility and an AUD 317 million equity raising…the tide has turned and MMA has been shown overly exposed."

FINANCIAL REVIEW

5 March 2014

"The $317 million raising was announced in order to acquire the Jaya Holdings vessels and shipyards business for $550 million. However, while the company might be focused on the shipyard, its stock price is heading for the graveyard. Investors and brokers alike seem less than impressed with these developments, which for the best part overshadowed the company's interim result"

Jaya acquisition debt

The incurrence of substantial debt at the top of the cycle through the Jaya acquisition has materially contributed to MMA's financial challenges, after the cyclical downturn occurred (now 18x FY17 EBITDA). The Chairman and CEO together with other board members (except Peter Kennan, appointed recently) undertook this acquisition.

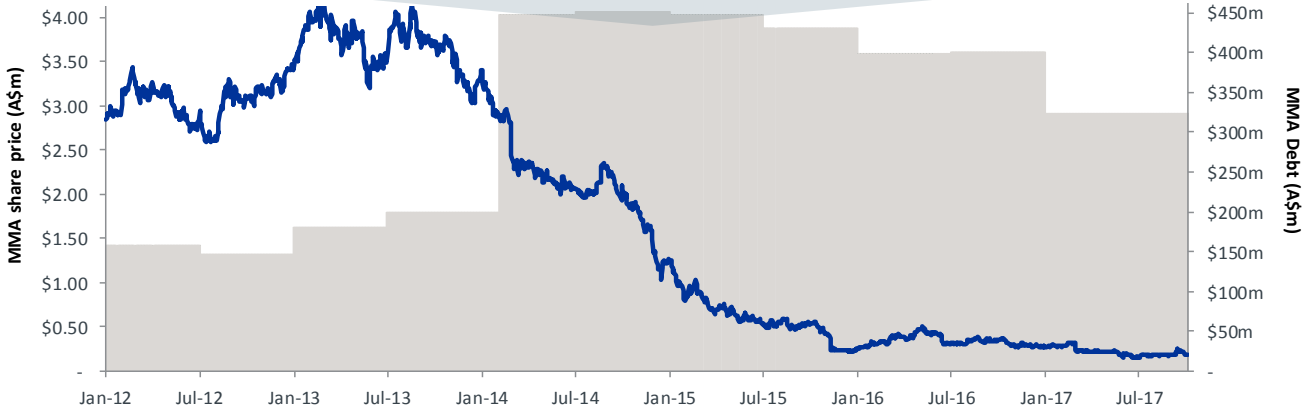
Mr Anthony (Tony) John Howarth AO
Chairman
Appointed 2006

Mr Jeffrey Andrew Weber
Managing Director
Appointed 2002

Mr Hugh Andrew Jon (Andrew) Edwards
Non-Executive Director
Appointed 2009

Ms Eva Alexandra (Eve) Howell
Non-Executive Director
Appointed 2012

Mr Chiang Gnee Heng
Non-Executive Director
Appointed 2012



Note: Increased debt due to Jaya acquisition shown pro-forma from February 2014 announcement date.

Inappropriate ‘buy high, sell low’ strategy

In Halom’s opinion, the current approach taken by the Board and CEO to sell vessels at extremely low prices now, after having acquired Jaya's assets in materially higher pricing environments at that time (as recent as 2014) is value destructive. This contradicts the common principle of “Buy Low, Sell High” and erodes value.

Offshore assets valued at significant discounts


Pareto
Securities AS Equity Research
September 2017

Oil Services lunch presentation

Singapore Cricket Club, 27th September

Please refer to important disclosures on the last 6 pages of this document

Synnøve Gjønnes
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OUR CONCERNS

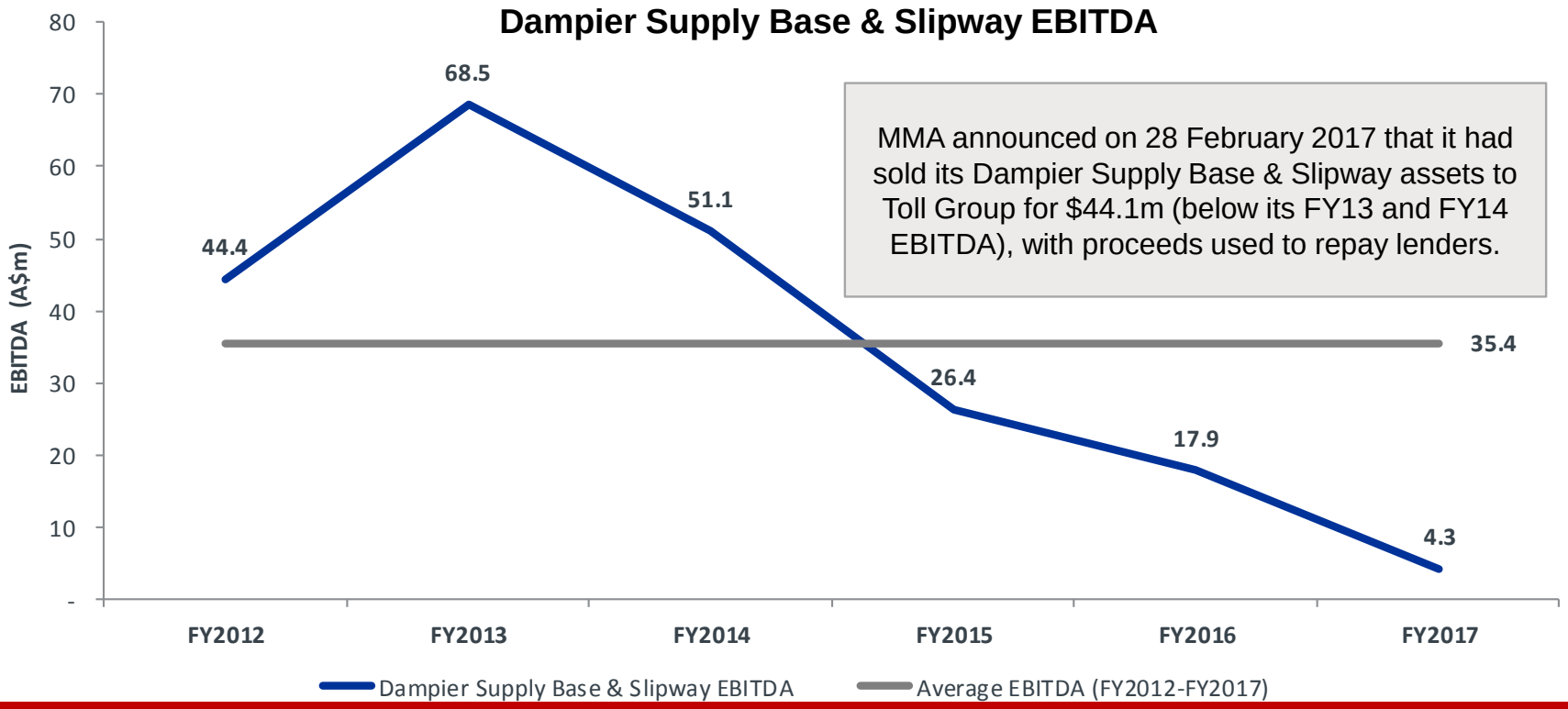
Research by MMA's own adviser, Pareto Securities Pareto Securities (Synnøve Gjønnes), highlights that offshore assets are currently valued at substantially depressed prices and 2018 OSV utilisation is expected to be 45-50%.

Is there no other way for MMA to improve its liquidity position other than undertaking a ‘fire sale’ of allegedly ‘non-core’ assets at current low prices?

Halom is concerned that the ‘buy high, sell low’ vessel sale strategy may further crystallise losses and possibly realise value that is less than the portion of A$324m debt in the balance sheet. Sale of OSV at substantially low prices currently, erodes value in MMA’s operating platform in the future.

Sale of key strategic asset only to repay debt

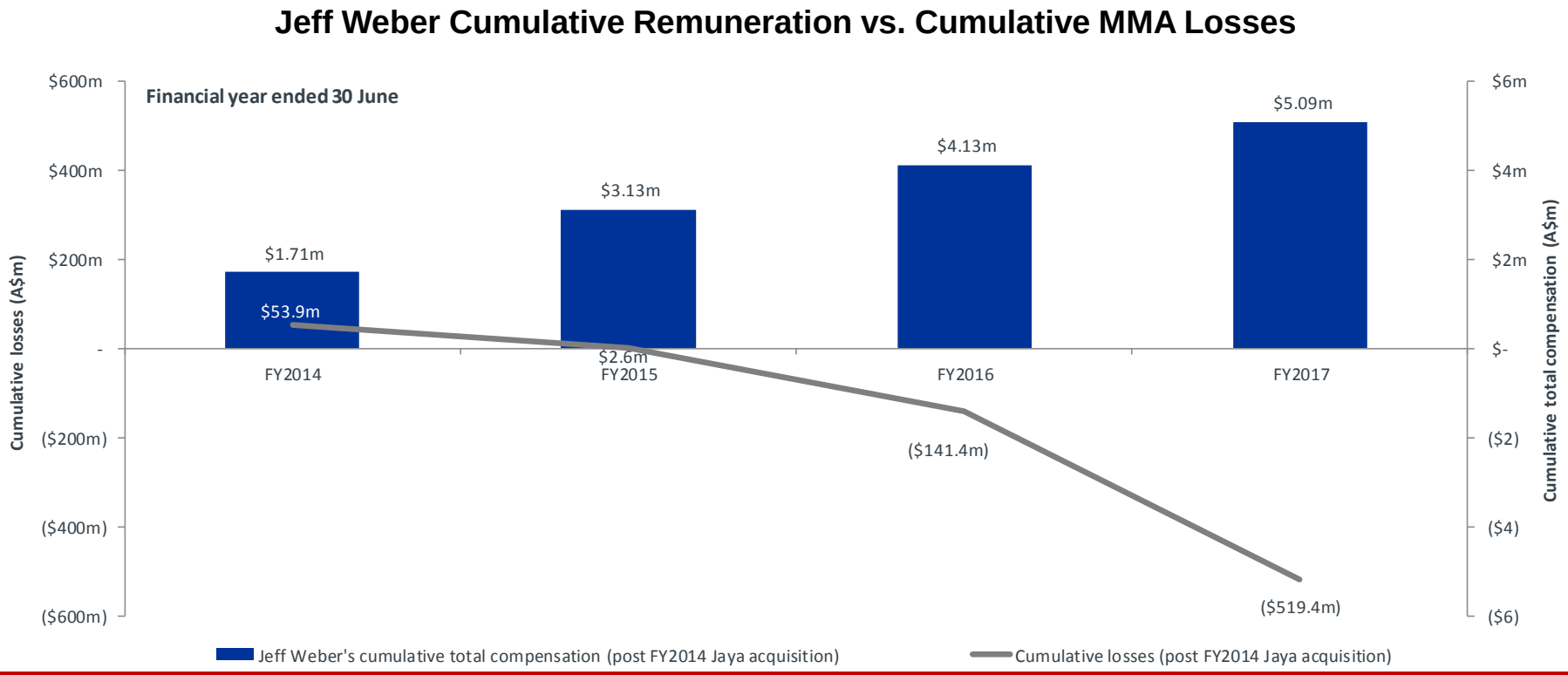
MMA has sold an important strategic asset – Dampier Supply Base & Slipway – to repay lenders. This erodes value and optionality for all stakeholders, as this asset generally gives MMA an added competitive advantage in the north-west WA region (e.g. past Gorgon project) and possibly the impending Chevron and Woodside Petroleum joint venture project in the near future. In fact, the sale price was less than the EBITDA of the assets in FY13 & FY14.



MMA announced on 28 February 2017 that it had sold its Dampier Supply Base & Slipway assets to Toll Group for $44.1m (below its FY13 and FY14 EBITDA), with proceeds used to repay lenders.

Executive remuneration

Since the Jaya acquisition in 2014, MMA's CEO Jeff Weber has received $5.1m in total compensation (averaging approximately $1.275m p.a.) while cumulative losses have totalled $519m. In Halom's opinion, the CEO's pay (including stock-based incentives) has not been appropriately performance based and there has been a misalignment with shareholders' interests. Halom seeks accountability and change.



Lack of strategic direction

MMA had poor strategic direction since 2014 and in Halom's views lacks strategic direction going forward. It appears that the Company has no effective plan to derive sustainable returns through the present cycle. The status quo and current course of action taken so far is encompassed with risks – including lender enforcement risk, client/counterparty perceptions of distress that may likely impact existing and new contracts, employee distraction due to huge leverage concerns, staff retention risk, and overall operational destabilisation.

After 15 years with the same CEO, fresh ideas with dynamic management and expertise is required.

UNREALISTIC SALES TARGETS	'FIRE SALE' OF VESSELS	LACK OF STRATEGIC DIRECTION
Management has (on several occasions) set unrealistic vessel sales targets. For example, MMA realised $35m cash proceeds in FY16 vs. a sales target of $78m in vessel sales.	It is a questionable strategy to crystallise financial losses through vessel sale at significantly low prices in current poor market conditions, mainly to repay lenders at par value. This action will erode future value. A corrective approach is required.	Lack of strategic plans to earn more sustainable returns through current downturn cycle. Current leadership have failed to adapt the business to evolving market conditions.

See over page for examples from company announcements

Lack of strategic direction (continued)

UNREALISTIC SALES TARGETS

MMA FY15 Earnings Call

17 August 2015

"… our aim is sort of around $80 million [vessel] sales programme for 2016."

MDs presentation to AGM (FY15)

18 November 2015

"Targeting an additional $50m in vessel sales by end of FY2016" (with "A$22m in Sales Contracts completed in FY2016 YTD")."

FY16 Annual report

20 September 2016

"…difficult conditions in the vessel sale and purchase market meant that we fell short of our A$78 million target for FY2016."

Management has (on several occasions) set unrealistic vessel sales targets. For example, MMA realised $35m cash proceeds in FY16 vs. a sales target of $78m in vessel sales.

'FIRE SALE' OF VESSELS

2016 Annual General Meeting

24 November 2016

"MMA is continually reviewing its vessel sales strategy to accelerate sales, however market conditions remain extremely difficult."

2016 Annual General Meeting

24 November 2016

"MMA's vessel sales programme is continuing, but in the current market achieving sales is extremely difficult."

ASX Announcement

23 December 2016

"Notwithstanding the challenging market conditions…MMA is progressing a number of strategies, including the sale of assets, to fund the deferred amortisation payment in March 2017."

ASX Announcement

28 August 2017

"…whilst asset values are currently depressed."

It is a questionable strategy to crystallise financial losses through vessel sale at significantly low prices in current poor market conditions, mainly to repay lenders at par value. This action will erode future value. A corrective approach is required.

LACK OF STRATEGIC DIRECTION

2016 Annual General Meeting

24 November 2016

"…the market for the Company's services is extremely difficult to predict at present"

2017 Financial Year Results Presentation

28 August 2017

"Challenging conditions expected to continue through FY18 as oversupply in the market is absorbed."

FY17 Annual report

19 September 2017

"During the year, MMA made a strategic decision to aggressively dispose of approximately 20 non-core vessels from the fleet."

Lack of strategic plans to earn more sustainable returns through current downturn cycle. Current leadership have failed to adapt the business to evolving market conditions.

Time for change and fresh perspectives

2

Our Strategy

Comprehensive Strategic Review

If Halom's resolutions to remove the Managing Director and Chief Executive Officer and have two new non-executive directors appointed to the board of directors at MMA's upcoming AGM are successful, Halom's nominated board members will advocate for MMA to conduct a comprehensive strategic review under refreshed oversight to:

- assess the **implications of the protracted cyclical downturn** in the OSV industry upon MMA's optimal operating strategy, activity levels, pricing and competitive dynamics;
- provide a **fresh and independent perspective** on MMA's operational efficiency, productivity, go-to-market strategy, client/counterparty engagement, pricing structures, cost base and working capital management;
- assess the **reality of MMA's financial position**, earnings and liquidity outlook, including thorough scenario analysis to understand the viability of the business with its current capital structure and endeavour to implement a good solution;
- **re-evaluate the wisdom of distressed asset sales** at substantially below book value in a grossly oversupplied secondary market for OSV vessels as a primary strategy to solve MMA's debt issues; and
- **explore realistic and executable strategies** to address MMA's current financial position – including (in Halom's view) its unsustainable liquidity outlook and finances, relative to current earnings. We envisage this would include due consideration of recapitalisation initiatives and whether an accelerated and a holistic strategic process should be initiated to stabilise MMA's balance sheet and to reset its leverage to a sustainable level.

Protecting Value

Protecting value in MMA's platform for the benefit of all stakeholders

Our objective, as MMA's largest shareholder, is to protect, preserve and restore value in the Company's underlying platform for the benefit of all stakeholders – shareholders, employees, suppliers, clients and lenders.

Employees

We would like to thank MMA's operational employees for their hard work through challenging times in recent years. Halom has seen many cyclical challenges in the OSV sector. We understand the impact this has on people involved in the business and empathise with the challenges and uncertainty MMA's employees have faced and are facing.

It is unfortunate that excessive leverage has exacerbated the impact of the current cycle for MMA's staff. Halom is of the firm view that the Company's financial situation needs to be addressed as a matter of urgency in order to create a more certain and stable environment for the Company and its employees going forward.

Clients, counterparties and suppliers

Halom, being financially backed by Michael Kum, is well resourced. We are primarily OSV industry people since the 1970s. Using the experience gained from the various upturn and downturn cycles since the 1970's, we have a good understanding of the current challenges facing MMA.

Our objective is beyond simply stabilising the Company. We want to ensure that MMA can not only survive, but thrive at the commencement of the upturn in the OSV market. We want MMA to continue to deliver its market-leading service quality, safety performance, good union relationships and be actively responsive to clients' requirements.

This necessitates a focus by the Board and management pertaining to strategic and operational matters in the business, rather than 'managing the capital structure'. The latter is what occurs when a Company is dramatically over-leveraged, burning cash and lacking a holistic balance sheet solution. Presently, it is not sustainable and we advocate that MMA takes decisive and corrective action to rectify this.

About Halom

Largest shareholder with substantial hands-on OSV industry expertise is seeking change

Halom is a long term investor and the largest shareholder owning an 18.09% equity interest in MMA, with substantial OSV experience in the past. This includes experience gained through the various upturn and downturn cycles since the 1970's.

Halom is backed by Michael Kum. Mr Kum has over three decades of hands-on experience in the OSV market, including in the North West Shelf region.

He commenced his career in Singapore in 1969 working for an Australian OSV company headquartered in Fremantle, Western Australia (with operations in Singapore). He subsequently co-founded **Offshore Equipment Pte Ltd** in 1976 to charter OSVs to the oil & gas industry in the Middle East (including Egypt), India, Australia (including the North West Shelf) and South-East Asia.

Mr Kum previously 'part-owned' **Mermaid Marine Australia** (which is now called MMA Offshore).

Mr Kum also co-founded **Miclyn Express Offshore Limited (ASX:MIO)**, which was listed on the ASX in 2010.

New MMA directors proposed by Halom

Haridass Ajaib

Haridass is a director of SGX-listed and Temasek-linked Sembcorp Industries Limited and Sembcorp Marine Limited, as well as SGX-listed Nam Cheong Limited, an OSV builder.

He is a prominent admiralty, marine insurance and commercial lawyer, practicing as an admitted Advocate / Solicitor in Singapore since 1976 and member of the English Bar.

Haridass is an accredited arbitrator and mediator. He is recognised by Chambers Global - The World's Leading Lawyers as a preeminent shipping and dispute resolution litigator. He was a magistrate of the State Courts of Singapore and currently sits as Referee of the Small Claims Tribunal.

Jeffrey Mews

Jeff was a non-executive director of MMA from its IPO in 1999 until November 2009.

Jeff, previously a tax consulting partner of PricewaterhouseCoopers (1976-1998), was formerly a member of the WA Salaries and Allowances Tribunal.

He is a Fellow of the Institute of Chartered Accountants and Taxation Institute of Australia.

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