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AUSTRALIA LTD

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## Mermaid Marine Continues Fleet Expansion

The Directors of Mermaid Marine Australia Ltd (MMA) are pleased to announce that, in order to meet increasing demand in the North West Shelf region, the company has recently approved the purchase of a 2006 built Anchor Handling Tug (AHT) for A\$7.0 Million. The vessel is a sister ship to one of our current vessels, the Mermaid Guardian, and is expected to be operational in Australia in early to mid June 2007. The vessel will be named the Mermaid Sentinel and will go to work immediately on arrival servicing our client's supply, offtake support and construction activities. The Guardian has proven itself as a highly capable multi-purpose vessel, is in high demand and is generating solid earnings. The purchase of the Sentinel continues the Company's commitment to servicing the oil and gas industry in Australia with a modern fleet of highly reliable and capable vessels. With the imminent delivery of the Mermaid Sound, currently completing construction in China, and the new Mermaid Sentinel, the fleet number will increase to 23 and the age of the fleet will have halved from an average of over 20 years in 2003 to an average now approaching 10 years. MMA also recently committed to the construction of a new 54 metre multi-purpose vessel which is expected to deliver around May 2008.



Mermaid Guardian alongside MMA's Dampier wharf

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The Board has approved a Share Purchase Plan (SPP) to assist in funding the purchase of the new vessel and to provide ongoing working capital for the Company. Under the SPP, MMA shareholders will have an opportunity to acquire up to \$5,000 worth of additional shares in the Company at \$1.35 per share, representing a 10% discount to the volume weighted average price of MMA shares on the ASX over the last 5 trading days. The shares will be issued free of normal brokerage fees. The record date for determining entitlement to participate in the SPP is the 17<sup>th</sup> of May 2007. Further details of the SPP including offer closing date and proposed issue date will be notified to the market in the near future.

MMA earned a record profit after tax of \$6.3 million for the first half of the financial year and indicated at the time that the expectation was for continuing strength in the market. This has proven to be the case and the Company now expects second half earnings to exceed first half earnings. The strength in earnings is being seen in all divisions of the Company. It is also pleasing to note that current enquiries for 2008 support a view of continuing buoyant market conditions.

*For further enquiries please contact:*

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Managing Director*

*Or*

*Mr Peter Raynor  
Chief Financial Officer / Company Secretary*