

21 October 2005



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The Listing Manager  
Australian Stock Exchange  
Exchange Centre  
Level 6  
20 Bridge Street  
SYDNEY NSW 200

Dear Sir/Madam

**RE: HEADS OF AGREEMENT BETWEEN MERMAID MARINE AND TOTAL MARINE SERVICES**

The Directors of Mermaid Marine Australia Ltd, (MMA) and Integrated Group Limited (IGL) advise that agreement has been reached between MMA and IGL, to enter into mutually advantageous sale agreements:

- MMA will sell its manning business to IGL for \$4.4m.
- IGL will sell its Total Marine Services Pty Ltd (TMS) offshore vessels to MMA for \$23.8m and supply exclusive marine manning services to the expanded fleet for an initial 7 years.

Both transactions represent present value of the assets and are subject to due diligence and final Board approval. MMA will fund the transaction through a mix of cash and debt.

The transaction recognizes that IGL through TMS is the major player in offshore manning. TMS's strengthened position in the marine manning market will ensure that they attract and retain the best marine personnel in Australia which is critical to the success of both Companies going forward.

The combined fleet will provide MMA with an even stronger capability at sea, where the expanded fleet numbering 24 will be further enhanced by the arrival of two new vessels in 2006, creating Australia's largest and most flexible oil and gas support fleet. In Australia's North West, where there are \$30bn of new projects in prospect, the fleet is backed by a company owned wharf, supply base and slipway facilities in Dampier.

It is therefore clear that more can be achieved for both companies and their customers by rationalisation and cooperation at this time of rapid North West Shelf expansion and increasing demand.

The agreement plays to the strengths of both companies in a unique exchange of assets and services. The transaction will create two larger and more capable companies, which will in the future work together to focus expertise, increase critical

mass and lower costs. TMS will use its maritime market position to assist with any future vessel operation opportunities to MMA, and MMA will reciprocate by supporting manning opportunities for TMS.

Due diligence will commence immediately and a target date for final completion is the 30<sup>th</sup> of November 2005.

**MERMAID MARINE AUSTRALIA LIMITED**

A handwritten signature in cursive script, appearing to read "Jeffrey Weber", written in black ink.

**JEFFREY WEBER**  
Managing Director