



MERMAID MARINE
AUSTRALIA LTD

Eagle Jetty, 20 Mews Road
FREMANTLE WA 6160

T (+61) 8 9431 7431 F (+61) 8 9431 7432

E corporate@mermaidmarine.com.au

W www.mermaidmarine.com.au

ABN 21 083 185 693

1 March 2007

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

Dear Sir / Madam

Termination of Merger Agreements

Mermaid Marine Australia Limited (**MMA**) wishes to advise that discussions between MMA and DP World Holdings (Australia) Limited (formerly P&O Australia Ltd) (**DPW Australia**) have ceased. MMA has now formally terminated the merger agreements entered into between the two companies dated 21 December 2006 to merge MMA with P&O Maritime Services Pty Ltd ("P&OMS"), a DP World company.

In MMA's view the agreed merger ratio is no longer appropriate and it is not in the best interests of MMA's shareholders to proceed with the merger on the terms outlined in the agreements. This is consistent with the view expressed in a letter received from PricewaterhouseCoopers Securities Limited who were appointed as independent expert to assess the fairness and reasonableness of the proposed merger to the existing MMA shareholders. Their letter states that based on their analysis, the transaction is not fair and reasonable to the existing shareholders of MMA.

MMA has a range of exciting prospects to continue to grow shareholder returns and will focus on these going forward. The market remains buoyant and there is strong demand for the Company's services.

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