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MMA Withdraws From Proposed AHTS Purchase

Mermaid Marine Australia Ltd (MMA) wishes to advise that it will not be progressing the purchase of a new AHTS vessel flagged for delivery around January 2009. The purchase price of the vessel was US\$18.2 million and the vessel was to form part of our core spot market fleet. With the movement in the Australian Dollar exchange rate and the current global economic environment, the company has judged it more appropriate to charter vessels to supplement our fleet at this time. Chartering vessels has the benefit of reducing the overall risk profile of the company in the current circumstances and also reducing the quantum of debt that the company carries. The company also expects to be able to attract more vessels to the Australian market at reasonable charter rates due the global situation. A one off charge was incurred due to the cancellation but earnings remain in line with the guidance given at our AGM.

MMA undertook a capital raising in May 2008 on the basis of the Gorgon development requirements. The capital raising was strongly oversubscribed and as a result MMA took the opportunity to raise more capital than was immediately required. The company is conservatively geared and has the balance sheet strength to undertake the planned Dampier Supply Base upgrade work and also to take advantage of other opportunities as they emerge.

MMA will continue to review options for fleet renewal and upgrade and also continue to pursue longer term contracts as they arise. The company recently announced delivery of our new vessel the Mermaid Searcher and as indicated, this vessel will contribute to our second half earnings.

Notwithstanding the current environment, MMA remains positive about the long term fundamentals of the Oil and Gas industry and is ideally positioned to support a number of Oil and Gas developments currently under construction or entering construction phase.

For further information please contact:

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