

12 January 2006



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

Dear Sir/Madam

**RE: CYCLONE CLARE**

In response to market and shareholder enquiry, the Directors of Mermaid Marine Australia Ltd report on the impact of Cyclone Clare. Cyclone Clare's centre passed West of Mermaid Marine's Dampier Supply Base and almost directly over our larger vessels secured on cyclone moorings out near West Lewis Island.

There were no injuries sustained and the substantial capital works recently completed, including a 60 metre wharf extension were unaffected. Minor water damage occurred to the workshops and the administration building but apart from the normal clean up processes the company is effectively back to full operations.

By order of the Board  
**MERMAID MARINE AUSTRALIA LIMITED**

**PETER RAYNOR**  
Company Secretary