



**MERMAID MARINE
AUSTRALIA LIMITED**

CORPORATE:

Eagle Jetty, 20 Mews Road
FREMANTLE WA 6160
TEL: (+61) 8 9431 7431
FAX: (+61) 8 9431 7432
EMAIL: corporate@mermaidmarine.com.au
WEB: www.mermaidmarine.com.au

7 July 2005

The Listings Manager
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

RE: SALE OF SHAREHOLDING BY CLOUGH

Mermaid Marine Australia Ltd advises that on the 5th July, Clough Investment Holdings Pty Ltd disposed of their shareholding of 15,897,385 shares representing an 11% stake in the Company. The sale was to a group of financial institutions, which will help to improve liquidity in the Company's shares.

The vessel business has grown substantially over the last two years and together with supply bases are the company's core activities. This growth has reduced the traditional reliance on less predictable offshore contracting activities and although Mermaid and Clough remain the best equipped and most experienced in that field, the shareholding was no longer considered a strategic imperative by the new Clough management team.

Mermaid Marine and Clough Ltd still maintain a joint venture focused on shallow water pipelay projects on the North West Shelf and at this stage it is our intention to continue as the market leader in this work. However, there are no clear opportunities planned in the short term and our jointly owned pipelay barge is currently deployed in India supporting Clough Ltd contracts there. Mermaid Marine's relationship with Clough continues to be strong and we will continue to support their offshore projects as appropriate and in areas where value can be added.



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A commitment to further develop the vessel business is producing reliable and growing earnings. Recent successes in winning large vessel support contracts with the major oil and gas producers on the North West Shelf, together with dedicated long term arrangements at the supply bases, provides a strong base on which to support our more traditional construction support activities.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED

PETER RAYNOR
COMPANY SECRETARY