



**MERMAID MARINE
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27 February 2007

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

Dear Sir / Madam

**Proposed Merger between Mermaid Marine Australia Limited (MMA) and P&O
Maritime Services Pty Ltd**

The Directors of Mermaid Marine Australia Ltd wish to confirm their announcement made on Friday 23 February that the Company does not intend to proceed with the proposed merger with P&O Maritime Services on the terms as outlined in the announcement on 21 December 2006.

Mermaid Marine continues to have discussions with DPW Australia regarding its decision not to proceed with the merger proposal but these discussions will not necessarily lead to any merger between the parties proceeding.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED

PETER RAYNOR
Company Secretary

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