



MERMAID MARINE
AUSTRALIA LTD

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1 August 2006

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

Dear Sir/Madam

RE: CHAIRMAN'S ANNOUNCEMENT

Please find attached an announcement made today by the company's chairman Mr. Alan Birchmore.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED

PETER RAYNOR
Company Secretary

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ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE 1 August 2006

The Chairman of Mermaid Marine Australia Ltd, (MMA), Mr. Alan Birchmore made the following announcement today:

“Mermaid Marine finished the 6 months to 30th June 2006 with a preliminary profit before tax of approximately \$5.7m. Added to the first 6 months earnings and a \$4.4m profit on the sale of the Company’s manning business, the final audited figure is expected at \$12.2m for the full year. Earnings of almost \$1m per month from day to day trading during the last 6 months, has demonstrated a higher level of capability, largely due to the acquisition of Total Marine’s fleet which took effect in April. Revenue grew and the quality of earnings through longer term contracts further improved.

The business is in extremely good shape: A growing fleet of 24 modern vessels is now largely deployed on Australia’s North West Shelf and the supply bases at Dampier and Broome are well established. Both onshore facilities are profitable, although space remains at both to meet future contract requirements. The seamless mix of onshore and offshore capability has established MMA as Australia’s only fully integrated marine service provider to the oil and gas industry.

The company was established on the expectations of major growth in offshore activity. That has occurred and we have delivered on the plans and expectations first put forward when the company was listed in 1998. An exciting future undoubtedly still lies ahead, but the first phase of the job is largely done. The business model has been faithfully implemented and the company is well placed now to move even further ahead. Including the Gorgon project, approximately \$30bn remains to be spent on announced projects by oil and gas producers in the Browse Basin and on the North West shelf.

The Federal Government has identified oil and gas exploration as a priority, with the Prime Minister seeing Australia’s future as an Energy Superpower. Offshore activity in the North West will be a major contributor to that and through the projects now in progress, or planned for the region, there is every reason to be confident of MMA’s continued growth.

I hold the view, that 7 years is probably enough on a dedicated task and once original aspirations and targets have been met, fresh hands should be given the opportunity to move the business on from there. Therefore, with the agreement of my colleagues, it is my intention to now stand aside as Chairman, in favour of Mr. Tony Howarth, who will take on the task with immediate effect.

Together with other senior appointments, Tony Howarth has been a director of Mermaid Marine for the last four years. He is highly regarded in Australian business and undoubtedly has the reputation, skills and energy to take us on to the next stage.

The shareholders will determine who represents them on the Board, but with their continuing support, I intend to remain a Director, using my industry and corporate experience to the best possible effect, including increased efforts to ensure that shareholders and potential investors have full knowledge of our progress and plans.

This is an exciting time for Mermaid, in which the hard work from the past is paying off, and the company emerges as a significant and successful force in Australian maritime services.

For further enquiries please contact Mr. Alan Birchmore on 0411 404 453.