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MERMAID MARINE
AUSTRALIA LIMITED

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Friday, 17th September

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

Dear Sir/Madam

MERMAID/TOLL MEMORANDUM OF UNDERSTANDING

The Directors are pleased to announce the signing of a Memorandum of Understanding between Mermaid Marine Australia Ltd and Toll Energy Logistics Pty Ltd. The agreement will commence immediately to pursue common business interests in the offshore oil and gas regions of Australia's North West.

With the size, value and complexity of upcoming projects in the North West, an opportunity exists to deliver greater efficiency, operational savings and a strong competitive edge when bidding these very large projects. The Joint Venture will utilise common competencies and assets to capture these advantages.

Toll has extensive land based and stevedoring expertise and it was therefore logical to explore joint opportunities to extend their supply chain coverage to the ultimate offshore destinations. Mermaid Marine has a specialist vessel fleet, long history of off shore operations and the more recent development of a major supply base with water front facilities. Tolls supply base directly adjoins Mermaid Marine's facility which offers the possibility of an enhanced supply base capability.

To meet the added activity, Mermaid Marine will develop an inner harbour landing ramp on their facility and pursue the acquisition of a new landing barge.

By order of the Board

MERMAID MARINE AUSTRALIA LIMITED

BRENDAN GORE
Company Secretary