

27 February 2009



**MERMAID MARINE
AUSTRALIA LTD**

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Mr Nicholas Ong
Principal Adviser, Issuers (Perth)
ASX Ltd
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000
By Fax: (08) 9221 2020

Dear Nicholas,

Re: Share Price Query

I refer to your letter received today, 27th February 2009, noting a change in the price of the Company's securities from \$1.08 on 25 February 2009 to a high of \$1.26 today, 27 February 2009 and provide the following information in response to the questions outlined in your letter:

1. *Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?*

Response: No, the Company is not aware of any such information. With reference to recent press reports (in particular page 38 of the West Australian of 24 February 2009 and page 26 of The Australian Financial Review of 24 February 2009), the Company in its ordinary course of business is currently bidding for a number of tenders for marine projects. These tenders are still ongoing and as such, the details of these tenders are still incomplete and confidential. In the event that the Company is successful in being awarded any of these tenders, it will immediately make an announcement to the market in accordance with the Listing Rule requirements.

2. *If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?*

Response: Not applicable.

3. *Is there any other explanation that the Company may have for the price change in the securities of the Company?*

Response:

On 20 February 2009, the Company released its half year results for the six months to 31 December 2008 and reported NPAT of \$12.2M, being a 63% increase from the previous corresponding period, a conservative gearing ratio of 31% and \$44M cash at bank. The Company also declared a fully franked interim dividend of 2 cents per share for the year ended 30 June 2009.

4. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

Response: Yes, the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

If you have any queries in relation to the above or require any further information please do not hesitate to contact me.

By order of the Board
MERMAID MARINE AUSTRALIA LIMITED



DYLAN DARBYSHIRE-ROBERTS
Company Secretary



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27 February 2009

Dylan Darbyshire-Roberts
Company Secretary
Mermaid Marine Australia Limited
Eagle Jetty 20 Mews Road
Fremantle WA 6160

By facsimile: 9431 7432

Dear Dylan,

Mermaid Marine Australia Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$1.08 on 25 February 2008 to a high of \$1.26 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

In answering this question please address the recent press report on The West Australian dated 24 February 2009 that the Company is negotiating on another contract.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on **facsimile number 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 1.00 p.m. W.D.S.T. today**.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please contact me on 9224 0017.

Yours sincerely,



Nicholas Ong
Principal Adviser, Issuers (Perth)