

Composition of the Board

No formal nomination committee or procedures have been adopted for the identification, appointment and review of Board membership, but an informal assessment process facilitated by the Chairman operates in consultation with Mermaid's professional advisors.

In relation to Board membership, Mermaid is committed to: -

- It's Board comprising directors with a blend of skills, experience and attributes appropriate to its business and stage of development; and
- The principle criterion for the appointment of new directors being their ability to add value to Mermaid's business through their professionalism, integrity and experience.

Remuneration Arrangements

The remuneration of executive directors will be decided by the Board without the affected executive director participating in that decision making process.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, Corporations Law and the ASX Listing Rules. The apportionment of non-executive director remuneration within that maximum is made by the Board having regard to the value to Mermaid of the contributions by non-executive directors

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of Mermaid.

Audit Committee

The Board has a separately constituted audit committee. The current members of the audit committee are:

A G Birchmore (Chairman)
J A S Mews

Identification and Management of Risk

The Board's collective experience enables accurate identification of the principal risks which may affect the Company's business which are recurring items for deliberation at Board meetings.

Ethical Standards

The Board is committed to the establishment and maintenance of the highest ethical standards to underpin Mermaid's operations and corporate practices.