



PRESS RELEASE

FOR IMMEDIATE PUBLICATION

DAVIE YARDS ENDS DISCUSSIONS WITH FINCANTIERI

Lévis, Québec, July 14, 2011 – Davie Yards (“Davie” or the “Corporation”) announced today that it has terminated discussions with Fincantieri – Cantieri Navali Italiani (“Fincantieri”), regarding the proposed acquisition of the shipyard. “The interested parties have concluded that it is not possible to reach an agreement within the time allowed to submit a bid on July 21st for the National Shipbuilding Procurement Strategy (“NSPS”)” said the President and CEO of Davie, Mr. Gustav Johan Nydal. He continued, “ Unfortunately, the two-week extension granted by the federal government to submit a valid bid was not sufficient to conclude a deal with Fincantieri, we have tried but the delay is too short.”

Davie also obtained today an order from the Québec Superior Court (the “Court”) extending the stay of proceedings ordered by the Court to July 22, 2011, the whole pursuant to the Companies' Creditors Arrangement Act (“CCAA”).

This extension will allow Davie to consider all options for the future of the yard.

About Davie Yards Inc.

Davie Yards Inc. owns and operates the Davie yard in Quebec. With over 185 years of operating experience, the shipyard is the largest in Canada and among the largest and most sophisticated in North America. The Corporation has a focus on building large and complex offshore service vessels and rigs, and other sophisticated vessels for commercial and governmental use. www.davie.ca

Forward-Looking Statements

This news release contains forward-looking information within the meaning of applicable Canadian securities legislation. These statements include those relating to statements that are not historical facts, and reflect the current intentions, plans, expectations and beliefs of Davie's management (“Management”). Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management. Forward-looking statements involve known and unknown risks, uncertainties and other factors outside Management's control. A number of factors could cause actual results of Davie to differ materially from the results predicted in the forward-looking statements, including, but not limited to, risks associated with the Corporation's current restructuring under the CCAA, fiscal results, working capital requirements, major disruptions of production, a downturn in economic conditions, competition and other factors.

Although the forward-looking statements contained herein are based upon what Management believes to be reasonable assumptions, Management cannot assure investors that actual results will be consistent with these forward-looking statements. Certain assumptions underlying the forward-looking statements contained in this news release include Management's assumptions regarding its current restructuring process under the CCAA, the risks associated with the NSPS, the market outlook for the construction of complex offshore vessels as well as the assumptions that new vessels will be delivered on schedule and that the Corporation will attract and retain key personnel in key positions. These forward-looking statements are made as of the date of this release, and Management assumes no obligation to update or revise them to reflect new events or circumstances, except as required pursuant to applicable securities laws. Readers are cautioned not to place undue reliance on these forward-looking statements. For additional information with respect to certain of these and other assumptions and risks, please refer to the Corporation's Management's Discussion and Analysis for quarter ended September 30, 2009 and the year ended December 31, 2008 as well as the Financial

Statements for the quarter ended September 30, 2009 and the year ended December 31, 2008, and the Corporation's Annual Information Form dated March 29, 2009.

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