



17 February 2017

Mr Chris Bailey
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000
By email: Chris.Bailey@asx.com.au

Dear Mr Bailey

Macmahon Holdings Limited (Company)

I refer to your letter of 14 February 2017 in relation to the Company and provide on behalf of the Company its responses to your queries:

1. *Is the Company aware of either:*
 - (a) *the final closure costs associated with the cessation of operations in Nigeria; or*
 - (b) *the impact to the Company's profit and loss, and cash flow, of the cessation of operations in Nigeria?*

No to parts (a) and (b). These impacts have not yet been determined, because the sale of surplus assets is ongoing. However, as part of the finalisation of the Company's 31 December 2016 interim financial report which is due to be released prior to the end of February 2017, the Company will make an assessment about the value of any remaining assets and determine an appropriate provision for closure costs.

2. *If the Company is aware of either matter a) or b) referred to in question 1, would a reasonable person expect information about that matter to have a material impact on the price or value of the Company's securities?*

Not applicable.

3. *If the Company is aware of either matter a) or b) referred to in question 1 and the answer to question 2 is "yes":*
 - (a) *Can an announcement be made immediately?*
 - (b) *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*
 - (c) *Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? If so, please explain the basis for not disclosing the*

information immediately, commenting in particular on whether that information continues to be confidential, given the Finnegan Statement.

Not applicable.

4. *If the answer to question 1 is “no”, please explain the basis for the statement that the Company’s “legacy issues are largely resolved with the exit from Nigeria” as set out in the Finnegan Statement.*

Please refer to the response to question 1 above. Most recently on 27 January 2017 the Company told ASX that "in relation to Macmahon's operations in Nigeria, following a decision to terminate the Calabar contract, Macmahon has now ceased operations and has no material ongoing costs". The Finnegan Statement that "legacy issues are largely resolved with the exit from Nigeria" refers to the cessation of operations that is disclosed in that announcement.

5. *Has the Company disclosed earnings guidance for the half year ending 31 December 2016?*

No.

6. *If the answer to question 5 is “yes”, has the Company made an announcement which discloses this information? If so, please provide details.*

Not applicable.

7. *In the absence of a specific announcement disclosing earnings guidance, what is the basis for the statement that “we have a portfolio of projects that are now on or above forecast” in the Finnegan Statement?*

The basis is that the above extract of the Finnegan Statement reflects the Company's previous announcements on 30 November 2016 and 27 January 2017. For example, the Company's 27 January 2017 announcement stated "...Macmahon's remaining portfolio of projects is currently performing at or above expected levels". Further, Mr Finnegan's CEO address at the 2016 AGM (as released to the ASX), stated "Importantly, with the exception of Nigeria and Telfer, our project portfolio has been performing exceptionally well and demonstrates the consistent delivery we will build the business on".

8. *Does the Company consider the statement above is de-facto earning guidance? If not, please provide the basis for that view.*

No. The statement refers to the operational performance of specific projects judged against the Company's own internal benchmarks. There is nothing in the statement that refers to the Company's earnings or overall financial performance.

9. *Is Telfer forecast to be profitable this year?*

Yes, in the sense that the Company's internal projections are that during the latter part of this calendar year, the Telfer project is expected to start generating monthly profits after having been in a loss making position since its inception. This is not inconsistent with previous public statements by the Company, including those in its ASX announcement of 27 January 2017. The Company also notes that there was no material change in the price or volume of the Company's shares traded following release of the Article (as defined in your letter), supporting the Company's view that the Article did not contain any material information relating to the Company that had not been previously announced.

10. *If Telfer is not forecast to be profitable this year, can the Company explain the basis for the Australian Telfer Statement appearing in the Article? Please also provide details of the steps taken by the Company to correct the statement in the Article?*

Not applicable. See also the response to question 9.

11. *Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

12. *Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed.

Yours faithfully


Greg Gettingby
Company Secretary



14 February 2017

Mr Greg Gettingby
Macmahon Holdings Limited
15 Hudswell Road
Perth Airport WA 6105

By Email

Dear Mr Gettingby

Macmahon Holdings Limited (the “Company”)

ASX Limited (“ASX”) refers to the following:

- A. The Company’s announcement titled “Investor Presentation” lodged with ASX on 22 August 2016 which discloses, among other things, the following:

“Revenue for FY17 expected to be in the range of \$350 – 370 million (>\$320 million secured).”

- B. The Company’s announcement titled “Market Update” lodged with ASX on 12 October 2016 which discloses, among other things, the following:

“[The Company] has terminated its contract at Calabar in Nigeria.”

“Project closure costs are still to be determined but the costs are expected to be borne in 1H17. The full P&L and cash flow impacts will be communicated once negotiations with the customer regarding the closure costs and potential sale of assets have concluded.

At Telfer, as previously reported, the Company has been incurring losses since February 2016, due to larger than expected start-up costs, difficult operating conditions and additional maintenance rectification costs for client supplied equipment.

[The Company] remains in discussions with its client, Newcrest Mining Limited, regarding options to mitigate these issues. Operational performance at Telfer is also expected to be to plan by the end of the financial year, however will negatively impact FY17 results.

A further update regarding the impact of the above mentioned items on the Company’s 1H17 result will be made in due course after conclusion of negotiations with the respective customers.”

- C. The Company’s announcement titled “Directors’ Statement re Takeover” lodged with ASX on 26 January 2017 which discloses, among other things, the following:

“At Telfer, [the Company’s] second largest project, operational and financial performance is continuing to improve as anticipated, and [the Company] expects this contract to breakeven this calendar year, with profitability anticipated to improve thereafter.”

“Furthermore, [the Company’s] remaining portfolio of projects is currently performing at or above expected levels.”

- D. An article in *The Australian* newspaper on 1 February 2017 (the “Article”) which attributed the following statement to Mr Finnegan, the Chief Executive Officer of the Company:

“Our legacy issues are largely resolved with the exit from Nigeria. And with the exception of Telfer, we have a portfolio of projects that are now on or above forecast” (the “Finnegan Statement”).

The Article also included the following statement:

Telfer is forecast to be profitable this year (the “Australian Telfer Statement”).

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* (“Guidance Note 8”). In particular, Guidance Note 8 states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

- G. ASX's policy position on de facto earning guidance, which is detailed in section 7.2 of Guidance Note 8. In particular, Guidance Note 8 states that:

"... a comment that the entity:

- *is "happy" or "comfortable" with, or expects its earnings to be "in line with", analysts' forecasts or consensus estimates; or*
- *expects its earnings to be in line with, or a particular percentage range above or below, the corresponding prior period,*

is de facto earnings guidance.

If ASX becomes aware of such a comment being made in a public forum or to an investor, analyst or journalist, it may ask the entity to issue a statement to the market confirming the comment so that the whole market is informed of the guidance it has given."

Questions for response

In light of the statements contained in the Article, and referring to the Listing Rules and Guidance Note 8 above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

- 1) Is the Company aware of either:
 - a) the final closure costs associated with the cessation of operations in Nigeria; or
 - b) the impact to the Company's profit and loss, and cash flow, of the cessation of operations in Nigeria?
- 2) If the Company is aware of either matter a) or b) referred to in question 1, would a reasonable person expect information about that matter to have a material impact on the price or value of the Company's securities?
- 3) If the Company is aware of either matter a) or b) referred to in question 1 and the answer to question 2 is "yes":
 - a) Can an announcement be made immediately?
 - b) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
 - c) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? If so, please explain the basis for not disclosing the information immediately, commenting in particular on whether that information continues to be confidential, given the Finnegan Statement.
- 4) If the answer to question 1 is "no", please explain the basis for the statement that the Company's "legacy issues are largely resolved with the exit from Nigeria" as set out in the Finnegan Statement.

- 5) Has the Company disclosed earnings guidance for the half year ending 31 December 2016?
- 6) If the answer to question 5 is “yes”, has the Company made an announcement which discloses this information? If so, please provide details.
- 7) In the absence of a specific announcement disclosing earnings guidance, what is the basis for the statement that “*we have a portfolio of projects that are now on or above forecast*” in the Finnegan Statement?
- 8) Does the Company consider the statement above is de-facto earning guidance? If not, please provide the basis for that view.
- 9) Is Telfer forecast to be profitable this year?
- 10) If Telfer is not forecast to be profitable this year, can the Company explain the basis for the Australian Telfer Statement appearing the Article? Please also provide details of the steps taken by the Company to correct the statement in the Article?
- 11) Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
- 12) Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 3:00 pm AWST on Friday 17 February 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3. Your response should be sent to me by return e-mail.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous.

Please note that ASX reserves the right, under Listing Rule 18.7A, to release this letter and the Company’s response to the market. Accordingly, please prepare your response in a form suitable for release to the market.

If you have any queries regarding any of the above, please call me.

Yours sincerely,

[sent electronically without signature]

Chris Bailey

Adviser, Listings Compliance (Perth)