

24 October 2014

Mongolia update

Macmahon Holdings Ltd (ASX:MAH) today announced that the standstill agreement in place with Erdenes Tavan Tolgoi (ETT) has been extended until 3 November 2014.

The extension of the standstill has been agreed to allow the parties more time to advance efforts to resolve the matters in dispute. As part of these efforts, Macmahon's Mongolian subsidiary is in constructive discussions with ETT to renegotiate the existing mining services contract. At this point there is no certainty that these efforts will result in an agreed outcome. However, for the time being, the judgment of the company is that further discussions should occur before other options such as international arbitration are pursued.

If it is ultimately necessary to terminate the contract with ETT, Macmahon's Mongolian subsidiary will promptly commence alternative processes to enforce its contractual entitlements against ETT. The major amounts payable by ETT in this situation were outlined in the Company's ASX announcement on 18 September 2014.

The Tavan Tolgoi project was forecast to contribute approximately A\$100 million to the Company's FY15 revenue. As an international project, this revenue was expected to generate higher margins than revenue from domestic projects.

Macmahon will provide further advice to the market as material developments in the negotiations occur.

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For further information, please contact:

Christian Sealey Group Manager – Investor Relations & Communications +61 497 828 300

About Macmahon

Macmahon is a leading Australian company providing the complete package of mining services to clients throughout Australia and in New Zealand, South East Asia, Mongolia and Africa.

An ASX listed company, Macmahon's diverse and comprehensive capabilities provide an end to end service offering to its mining and engineering clients.

Macmahon's extensive experience in both surface and underground mining has established the Company as the contractor of choice for resources projects across a range of locations and commodity sectors.

With an expanding international footprint, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the Company's core value – safety.

Visit www.macmahon.com.au for more information.