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Macmahon awarded Mongolia coal contract

Macmahon Holdings Limited (ASX:MAH), in a 50:50 joint venture with Germany's Operta GmbH, has been awarded a contract for coal mining operations at the Tavan Tolgoi Coal Mine in Mongolia.

The contract with Erdenes Tavan Tolgoi JSC, the state-owned mining company which owns the Tavan Tolgoi project, was signed yesterday at a ceremony in Ulaanbaatar attended by Mongolian Prime Minister Sukhbaatar Batbold and German Chancellor Angela Merkel.

The cost reimbursable alliance contract has a five year term with an estimated value in excess of US\$500 million.

The project involves large scale open cut mining operations in the Eastern Tsankhi area of the Tavan Tolgoi deposit, located in Mongolia's South Gobi region about 540km south of Ulaanbaatar.

Mining will commence in January 2012 at a rate of three million tonnes of coal per annum, utilising existing client owned equipment. In the second year, production is expected to ramp up to six million tonnes and will require additional capital expenditure. The client anticipates coal production will continue to ramp up to 15 million tonnes per annum once the entire mine and transport infrastructure is established.

The Joint Venture is currently in discussions with potential financiers for an off-balance sheet funding solution that will provide equipment for the ramp up in the contract production rates. The financing is expected to be concluded in the first half of 2012.

Macmahon Chief Executive Officer Nick Bowen said the project would deliver real benefits to the Mongolian economy and the Company was delighted to be a part of developing one of the country's biggest assets.

"This is an exciting new project that will see Macmahon at the forefront of one of the world's largest emerging mining regions," Mr Bowen said.

"This is an enormous opportunity in a market with great potential and is a big step forward in Macmahon's international expansion.

"Our operations in Mongolia pave the way for developing a long term business in the region and will see our world class mining expertise on show through this project.

"We look forward to commencing work at the Tavan Tolgoi project in January, in what we expect will be the start of a long and rewarding presence in Mongolia."

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Media Release



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About Macmahon

Macmahon is a leading Australian contract mining and construction company with major projects throughout Australia, in New Zealand, Asia, Mongolia and Africa.

An ASX/S&P 200 company, Macmahon has played a major role in the delivery of many of Australia's largest multi-disciplinary mining and construction projects throughout its 48 year history.

Employing more than 3500 people, Macmahon offers the full range of underground and surface mining services and comprehensive construction capabilities spanning transport, marine, water and resource infrastructure services.

With a commitment to providing end to end services, 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.

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