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ASX Release

18 September 2014

Update on Mongolia discussions

Macmahon Holdings Ltd (ASX:MAH) today announced that it and two of its Mongolian operating subsidiaries have entered into a three week standstill agreement with Erdenes Tavan Tolgoi (ETT) ending 9 October 2014. The agreement follows the recent suspension of operations at the Tavan Tolgoi coal mine by ETT.

As previously announced, Macmahon's Mongolian subsidiary is currently in discussions with ETT regarding ongoing payment delays by ETT. The standstill agreement protects the positions of both parties whilst the discussions continue.

As at the end of August 2014, the contractor's unpaid progress claims, excluding doubtful debt provisions, totalled approximately US$30 million. Under the terms of the contract, ETT is also obliged to purchase at book value, all plant, property and equipment (PPE) from the contractor should the contract be terminated. The value of this PPE is approximately US$48 million.

Macmahon's Mongolian subsidiary is vigorously pursuing its contractual entitlements.

*** ENDS ***

For further information, please contact:

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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.