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Preferred contractor status for major Mongolian coal project

Macmahon Holdings Limited (ASX: MAH) announced today that it has been awarded preferred contractor status, in joint venture with Germany's BBM Operta Group, for the mining operations of the Tavan Tolgoi Coal Mine in Mongolia.

The Macmahon / BBM Operta Joint Venture was announced as preferred contractor by Erdenes Tavan Tolgoi JSC, the state-owned mining company which owns the Tavan Tolgoi project.

The contract will involve large scale open cut mining operations in the Eastern Tsankhi area of the Tavan Tolgoi deposit located in South Gobi region of Mongolia, approximately 540 kilometres south of Ulaanbaatar.

Subject to the finalisation of the negotiations, the Joint Venture anticipates commencing mining operations in the first quarter of 2012. Current mine plans indicate that production will ramp up to 15 million tonnes of coal per annum once all infrastructure is established.

Macmahon Chief Executive Officer Nick Bowen said the selection further advances Macmahon's efforts to secure work in the burgeoning coal mining sector in Mongolia.

"The progression of the Tavan Tolgoi project now provides a solid foundation for Macmahon, in its efforts to establish a long-term business in one of the world's largest emerging mining regions," Mr Bowen said.

Macmahon and BBM Operta will work to finalise the contractual details with Erdenes Tavan Tolgoi JSC over the coming months.

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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.