ASX Release

MACMAHON

25 June 2015

Business update

- **Sale of Mongolian business for US$65 million resulting in net cash position**
- **Organisational restructure completed – significantly reduced overhead and operating costs**
- **Current tendering pipeline of $2.2 billion (50:50 split domestic and offshore)**

Macmahon Holdings Limited (ASX:MAH) is pleased to confirm it is now in a net cash position following the sale of its Mongolian operations for US$65 million.

Macmahon Executive Chairman Jim Walker, said the Company's positive cash balance represented a milestone in the transformation of Macmahon.

"As a result of our cost reduction program, the recent settlement of our CSA claim, and now the Mongolia sale, we are in a cash positive position." he said.

As previously announced to the ASX, Macmahon has been engaged in lengthy discussions with its lenders about a facility review event triggered in February 2015. These discussions were close to finalisation prior to the Mongolia sale. However, it is likely further discussions will now occur given the Company's improved financial position.

Business strategy and tendering

Since the cancellation of the Christmas Creek contract, the Board and management of Macmahon have moved decisively to reduce costs and streamline the business.

"Our business strategy is simple" Mr Walker said.

"Firstly, we are resetting the business by stripping back our cost base. This has helped us to significantly improve our pricing and our competitiveness.

"Secondly, in relation to new work, we plan to diversify our order book by broadening our business development focus to include a greater number of smaller opportunities.

"We are currently tendering more than a dozen opportunities totalling more than $2.2 billion.

"This work is spread across Australia and internationally, with more than half of the opportunities relating to gold projects that run for 3 or more years.

"The mining services sector has recently faced significant headwinds. However, this has always been a cyclical business. We are determined to prove we can generate cash no matter what the market is doing, and be well positioned for the next upturn," Mr Walker said.

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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 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 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.