

12 October 2016

Market Update

As outlined in the Company's full year results in August 2016, the financial performance of Macmahon Holdings Limited (ASX:MAH) has recently been impacted by issues at its operations in Nigeria and at Telfer in Western Australia. The Company can now provide the following update:

Calabar

Macmahon has terminated its contract at Calabar in Nigeria. Operations at Calabar will now cease on 28 October 2016 with demobilisation scheduled to commence immediately thereafter. The contract was scheduled to conclude in 2018, but has been underperforming due to ongoing low mining volumes linked to the client's production plant and high rental and maintenance costs.

Project closure costs are still to be determined but the costs are expected to be borne in 1H17. The full P&L and cash flow impacts will be communicated once negotiations with the customer regarding the closure costs and potential sale of assets have concluded.

Telfer

At Telfer, as previously reported, the Company has been incurring losses since February 2016, due to larger than expected start-up costs, difficult operating conditions and additional maintenance rectification costs for client supplied equipment.

Macmahon remains in discussions with its client, Newcrest Mining Limited, regarding options to mitigate these issues. Operational performance at Telfer is also expected to be to plan by the end of the financial year, however will negatively impact FY17 results.

A further update regarding the impact of the above mentioned items on the Company's 1H17 result will be made in due course after conclusion of negotiations with the respective customers.

*** ENDS ***

For further information, please contact:

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About Macmahon

Macmahon is an international contracting company offering the complete package of mining services to clients in Australasia and Africa.

ASX Release



Listed on the ASX and headquartered in Perth, the Company has extensive knowledge and experience in Surface and Underground Mining, Engineering and Fabrication, Construction and associated contracting services.

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.