MACMAHON
HOLDINGS LIMITED
ABN 93 007 634 406

23rd December 2003

Mr Brendan O'Hara
Manager Companies
Australian Stock Exchange Limited
2 The Esplanade
PERTH WA 6000

Dear Mr O'Hara

RE: CHAIRMAN'S LETTER TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Please find attached Chairman's Letter and Notice of Extraordinary General Meeting sent to Shareholders today.

Yours faithfully
MACMAHON HOLDINGS LIMITED

ELIZABETH LEE
COMPANY SECRETARY

For further details contact:
Rick Blair, Chief Financial Officer (08) 9365 1211
Facsimile: (08) 9365 1186

44 KURNALL ROAD, WELSHPOOL WA 6106 PO BOX 198 CANNINGTON WA 6987
TELEPHONE: (08) 9365 1111 FACSIMILE: (08) 9365 1199
www.macmahon.com.au

MACMAHON
HOLDINGS LIMITED
(ACN 007 634 406)

SHARE PLACEMENT/SHAREHOLDER PURCHASE PLAN

Dear Shareholder

You will have read of the significant amount of new contract work won by your company in recent months. This includes civil construction in both Government and mining infrastructure, and open cut and underground mining.

In the last six months we have won over $600 million of contracts and our order book now stands at a record level of $880 million.

With all of the new work won, Macmahon requires additional capital to strengthen the Company's balance sheet to provide for the necessary capital expenditure for the newly secured contracts, and to continue to actively pursue new work.

We have undertaken the following program to obtain the required capital.

Share Placement

Completion of a placement on 23rd December 2003 of $20 million fully paid ordinary shares at a price of 26 cents each. These shares were taken up by a number of investment institutions and professional investors.

The placement methodology provided a rapid and efficient means to obtain funds in circumstances where we were required to commence work under tight deadlines and where satisfaction of customer needs is a priority.

The enclosed Notice of an Extraordinary General Meeting to be held on 22nd January 2004 includes resolutions to ratify and approve the issue of shares under the Share Placement. I am sure that you will endorse the placement which will enable Macmahon to continue to develop as a strong contracting company.

Shareholder Purchase Plan

In addition to the Share Placement we will be making an offer of $5.0 million, plus up to $2.5 million in oversubscriptions of fully paid ordinary shares, at a price of 26 cents each. The offer will be made to all shareholders registered as at 9th January 2004 under a Shareholder Purchase Plan (SPP). This is the same price as the share placement offered investment institutions and professional investors.

The maximum value of shares which can be taken up by individual shareholders is $5,000 each (equivalent to 19,230 shares). In the event of over subscription, excess money will be refunded to shareholders as promptly as possible.

We recommend you consult your financial and other advisers concerning this proposed offer.

Closing date for applications and cheques will be 23rd January 2004.

I recommend shareholders review our website at www.macmahon.com.au to ensure they are fully informed on relevant information as disclosed by Macmahon Holdings Limited.

I commend the offer to you.

NOTE TO SHAREHOLDERS

This is advice only. A formal SPP offer document will be mailed to those shareholders registered on 9th January 2004.

Yours faithfully
MACMAHON HOLDINGS LIMITED

DAVID J HUMANN
CHAIRMAN
23rd December 2003

MACMAHON
HOLDINGS LIMITED
(ACN 007 634 406)

NOTICE OF
EXTRAORDINARY GENERAL MEETING
- and -
INFORMATION MEMORANDUM
- and -
PROXY FORM

DATE AND TIME OF MEETING:

Thursday, 22 January 2004 at 11.00am (WST)

VENUE:

The Western Australian Club

101 St Georges Terrace, Perth

Western Australia

MACMAHON
HOLDINGS LIMITED
(ACN 007 634 406)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Macmahon Holdings Limited (the **"Company"**) will be held at The Western Australian Club, 101 St Georges Terrace, Perth, Western Australia on Thursday, 22 January 2003 at 11.00am (WST).

Information on the proposals, to which the Resolutions set out below relate, is contained in the Information Memorandum (**"Information Memorandum"**), which accompanies and forms part of this Notice of Meeting.

AGENDA

RESOLUTION 1 - RATIFICATION OF SHARE ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purpose of Listing Rule 7.4 and all other purposes, this meeting approves and ratifies the issue of up to 35,000,000 fully paid ordinary shares in the Company at a price of 26 cents per share to placees identified by Paterson Ord Minnett Ltd and Bell Potter Securities Limited."

Note:

In accordance with Listing Rule 7.5.6, any votes cast on Resolution 1:

(other than; (i) by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form, or

(ii) by the chairman of the meeting as an undirected proxy for a member who is entitled to vote)

by the placees or any of their respective associates will be disregarded.

RESOLUTION 2 – PLACEMENT OF SHARES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of Listing Rule 7.1 and all other purposes, the Directors be authorised to issue up to 42,000,000 fully paid ordinary shares in the Company at a price of 26 cents per share to placees identified by Paterson Ord Minnett Ltd and Bell Potter Securities Limited."

Note:

In accordance with Listing Rule 7.3.8, any votes cast on Resolution 2;

(other than; (i) by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form, or

(ii) by the chairman of the meeting as an undirected proxy for a member who is entitled to vote)

by any person who may participate in the proposed issue or any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if the resolution is passed, or any or their respective associates, will be disregarded.

OTHER BUSINESS

To transact any other business that may be brought forward in accordance with the Company's constitution.

Information Memorandum

Attached to, and forming part of this Notice of Meeting is an Information Memorandum that provides shareholders with background information and further details on the Resolutions. The information provided is intended to assist shareholders in understanding the reasons for, and the effect of, the Resolutions, if approved.

Information is presented in accordance with the regulatory requirements of the Corporations Act and the Listing Rules of Australian Stock Exchange Limited.

Terms defined in the Information Memorandum and used in this Notice of Meeting bear the same meaning as in the Information Memorandum (refer to Section 2).

PROXIES

In accordance with section 249L of the Corporations Act, shareholders are advised that:

- each shareholder has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with Section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

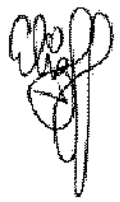
In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office	:	44 Kurnall Road WELSHPOOL WA 6106
Facsimile Number	:	+618 9315 2233
Postal Address	:	Macmahon Holdings Limited PO Box 535 APPLECROSS WA 6953

The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting, Proxy forms can be lodged by facsimile.

In accordance with regulation 7.11.38 of the Corporations Regulations, the Company determines that shares held as at 4.00pm (WST) on 20 January 2004 will be taken, for the purposes of the extraordinary general meeting, to be held by the persons who held them at that time.

By order of the Board



Elizabeth Lee
Company Secretary
23 December 2003

Macmahon Holdings Limited
PO Box 535
APPLECROSS WA 6953

MACMAHON
HOLDINGS LIMITED
(ACN 007 634 406)

PROXY FORM

SHAREHOLDER(S)

Name(s)

....

Address(es)

....

....

Daytime phone no(s) ....

APPOINTS

Name of proxy – please print

....

....

or, if no person is named, the Chairman of the Meeting to vote in accordance with the following directions or, if no directions have been given, as the proxy or the Chairman sees fit at the Extraordinary General Meeting of the Company to be held on 22 January 2004, commencing at 11.00am (WST) and at any adjournment thereof.

Proportion or number of shares in respect of which the proxy is appointed (if not all):.........................

SIGNATURE OF SHAREHOLDER(S)

All single or joint holders of shares must sign this form.

Signature	Signature	Signature

or in the case of a company

The **COMMON SEAL** of the company is affixed in accordance with its constitution in the presence of:/Executed by the company by its duly authorised officers in accordance with sub-section 127(1) of the Corporations Act 2001:*)

Signature of Director/Secretary	Signature of Director
Name of Director/Secretary (Print)	Name of Director (Print)
or signed by	under Power of Attorney on behalf of the company.

* *delete as appropriate*

This proxy form must be signed by the shareholder and, in the case of joint shareholders, by each of the joint shareholders. In the case of a corporation, this proxy form must be executed in accordance with section 127 of the Corporations Act 2001. In the case of a Sole Director/Secretary company, please indicate "Sole Director". If this proxy form is signed under Power of Attorney the original

Power of Attorney (or a copy certified as a true copy by statutory declaration) must be forwarded with the proxy form at least 48 hours before the meeting.

PROXY'S VOTING INSTRUCTIONS	FOR	AGAINST	ABSTAIN
1. Ratification of Share Issue			
2. Placement of Shares			

INSTRUCTIONS

If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The direction will be invalid if a mark is made against more than one box for a particular item. Each person who attends the meeting is entitled to one vote only on a show of hands. A person who holds proxies for more than one shareholder cannot vote on a show of hands if he or she holds proxies directing him or her to vote both for and against a resolution.

If you do not wish to direct your proxy how to vote, place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than a proxy holder will be disregarded because of this interest. ☐

In relation to undirected proxies, the Chairman intends to vote in favour of the Resolutions.

Appointment of Corporate Representative
Section 250D of the Corporations Act 2001
This is to certify that by a resolution of the Directors of:

.... (**Company**),
[Insert name of shareholder company]

the Company has appointed:

....,
[Insert name of corporate representative]
in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the Extraordinary General Meeting of the members of Macmahon Holdings Limited to be held on 22 January 2004 and at any adjournments of that meeting/all meetings of the members of Macmahon Holdings Limited

DATED..

Executed by the Company in accordance with its constituent documents	
.... Signed by authorised representative	.... Signed by authorised representative
.... Name of authorised representative	.... Name of authorised representative
.... Position of authorised representative:	.... Position of authorised representative:

MACMAHON

HOLDINGS LIMITED
(ACN 007 634 406)

INFORMATION MEMORANDUM

1. INTRODUCTION

This Information Memorandum has been prepared for the information of Shareholders of Macmahon Holdings Limited in connection with the business to be conducted at an Extraordinary General Meeting to be held at The Western Australian Club, 101 St Georges Terrace, Perth, Western Australia on 22 January 2004 at 11.00am (WST).

This Information Memorandum should be read in conjunction with the accompanying Notice of Meeting.

2. GLOSSARY

The following terms and abbreviations used in this Information Memorandum (and the Notice of Meeting to which it relates), have the following meanings:

"ASIC"	Australian Securities and Investments Commission.
"ASX"	Australian Stock Exchange Limited ACN (008 624 691).
"ASX Listing Rules" or "Listing Rules"	The Official Listing Rules of the ASX, as amended from time to time.
"Corporations Act" or "Act"	The Corporations Act 2001 (Cth).
"Directors" or "Board"	The directors of Macmahon in office at the date of the Notice of Meeting.
"First Tranche"	The placement of 35,000,000 Shares at an issue price of 26 cents each, the subject of Resolution 1.

"Macmahon" or "Company"	Macmahon Holdings Limited (ACN 007 634 406).
"Meeting"	The extraordinary general meeting to be convened by the Notice of Meeting.
"Placement"	The combined placement of the First Tranche and Second Tranche.
"Resolutions"	Resolutions on the Notice of Meeting to which this Information Memorandum relates.
"Second Tranche"	The placement of 42,000,000 Shares at an issue price of 26 cents each, the subject of Resolution 2.
"Shares"	Fully paid ordinary shares in the Company; and **"Shareholders"** has a corresponding meaning.

3. SHAREHOLDER APPROVALS REQUIRED

Resolution 1 seeks approval for the ratification of an issue of Shares in order to restore the Company's 15% capacity under Listing Rule 7.1.

Resolution 2 deals with a further placement of Shares.

4. RESOLUTION 1 – RATIFICATION OF SHARE ISSUE

In December 2003 the Company entered into a mandate agreement with Paterson Ord Minnett Ltd and Bell Potter Securities Limited for the arrangement of a placement of Shares to raise a combined total of up to $20,000,000.

Under the terms of the mandate it was agreed that the placement would be issued in two tranches; the first being in respect of a number of Shares approximately equal to the maximum number of Shares permitted under Listing Rule 7.1 to be issued without Shareholder approval and the second being equal to the number of Shares necessary to raise the balance of $20,000,000, subject to shareholder approval.

Resolution 1 seeks the ratification of Shareholders for the issue of the First Tranche which has not been made as at the date of this Notice of Meeting and Information Memorandum but will have been made prior to the Meeting. In accordance with Listing Rule 7.5 the Company provides the following information in relation to that issue:

(a) The number of Shares that will be issued is 35,000,000.

(b) The Shares will be issued at a price of 26 cents each.

(c) The Shares referred to in Resolution 1 are fully paid ordinary shares which will, from their date of allotment, rank pari passu in all respects with all other fully paid ordinary shares in the Company then on issue.

(d) The Shares will only be issued to professional investors and sophisticated investors identified by Bell Potter Securities and Paterson Ord Minnett Ltd, none of whom or whose associate are related parties of the Company.

(e) The funds raised will be used to strengthen the Company's balance sheet to provide the necessary capital expenditure for the newly secured contracts and to continue actively pursuing new work.

The Shares will be issued within the Company's annual 15% limit permitted under Listing Rule 7.1 without Shareholder approval. The effect of Shareholders passing Resolution 1, therefore, will be to restore the Company's ability to issue securities within that limit, to the extent of the 35,000,000 Shares referred to above.

5. RESOLUTION 2 – PLACEMENT OF SHARES

Resolution 2 seeks the approval of Shareholders for the Directors to issue up to 42,000,000 fully paid ordinary shares in the Company at 26 cents each. The funds raised will be used to strengthen the Company's balance sheet, to provide for the necessary capital expenditure for the newly secured contracts and to continue actively pursuing new work.

The placement the subject of Resolution 2 represents the second tranche of the Placement and, but for the ratification of the issue of the First Tranche would have exceeded 15% of Macmahon's issued capital. Macmahon wishes to obtain approval for the issue of the Second Tranche so as to preserve its 15% placement capacity under Listing Rule 7.1. The effect of Shareholders' approval under this Rule will be that the Shares to be issued will not be taken into account in calculating the number of securities which the Company can issue in the next 12 months.

For the purposes of Listing Rule 7.3 the following additional information is provided:

(a) The number of Shares to be issued pursuant to Resolution 2 is 42,000,000.

(b) The Shares will be issued at a price of 26 cents each.

(c) The Shares referred to in Resolution 2 are fully paid ordinary shares which will, from their date of allotment, rank pari passu in all respects with all other fully paid ordinary shares in the Company then on issue.

(d) The Shares will be issued to professional and sophisticated investors identified by Bell Potter Securities and Paterson Ord Minnett Ltd, none of whom or whose associates are related parties of the Company.

(e) The funds raised will be used to strengthen the Company's balance sheet to provide for the necessary capital expenditure for the newly secured contracts, and to continue actively pursuing new work.

(f) The Shares will be issued immediately after the Meeting and, in any event, within 3 months after the date of the Meeting; and

(g) Allotment and issue of the Shares will occur progressively.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Attached to the Notice of Meeting accompanying this Information Memorandum is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the Meeting to be held on 22 January 2004 or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a Shareholder from attending and voting at the Meeting in person.