

12 December 2012

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Macmahon announces equity raising to support mining future

Macmahon Holdings Ltd (ASX:MAH) today announced a fully underwritten 2 for 3 pro rata accelerated non-renounceable Entitlement Offer of new ordinary shares in Macmahon ("New Shares") to raise approximately \$80.7 million ("Offer").

The funds raised will be used to strengthen the balance sheet following recent Construction write-downs and to fund the future growth of the Mining Business.

Subject to completion of the Offer, Macmahon has been granted a formal waiver from its banking syndicate to exclude the impact of certain Construction project losses from the calculation of covenant testing prior to September 2013.

The raising follows today's revision of the Company's earnings guidance to \$nil-\$25 million and decision to exit Construction (see separate announcement).

Macmahon Chief Executive Officer Ross Carroll said the net proceeds of the Offer will be used to ensure Macmahon was well funded to support the growth of its mining operations as it restructures the Company's activities to become a dedicated, full service mining contracting business.

"The Offer, together with the planned sale of Construction, puts Macmahon in a strong position to maximise the opportunities for growth as it works towards a mining focused future," he said.

"Combined, these two initiatives will set a clear direction for a new Macmahon, with a core focus on the areas of the business in which it has delivered consistently good results over many years."

The Offer is underwritten to raise approximately \$80.7 million, at an Offer price of \$0.16 per New Share. The Offer Price represents a discount of approximately 28.3% per cent to the Theoretical Ex-Rights Price ("TERP"⁽¹⁾) on 7 December 2012, the last trading day before the announcement of the Offer.

Leighton Holdings Limited (Leighton), Macmahon's largest shareholder with 19%, has shown strong support for the Offer and has committed to subscribe for its full entitlement under the Institutional

(1) The Theoretical Ex-rights Price ("TERP") is the theoretical price at which Macmahon shares should trade after the ex-date for the Entitlement Offer. TERP is calculated by reference to the closing price of Macmahon shares on 7 December 2012 of \$0.265, being the last trading day prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Macmahon shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

Entitlement Offer and will sub-underwrite the entire Retail component of the Entitlement Offer on a subordinated basis subject to any required FIRB approval (however such approval is not expected to be required based on indications of sub-underwriting interest received from other parties) in the event retail shareholders do not take up all of their entitlements. In addition, all Directors who are shareholders intend to participate in the Retail Entitlement Offer, either in whole or in part.

Details of Offer

All eligible shareholders are being offered the opportunity to participate in a 2 for 3 accelerated non-renounceable pro rata Entitlement Offer at the Offer price of \$0.16 per new share. The fully under-written non-renounceable Entitlement Offer consists of an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer.

Institutional Entitlement Offer

The Institutional Entitlement Offer is expected to raise funds of approximately \$44 million, including Leighton's entitlement. Eligible Institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place from Wednesday, 12 to Thursday, 13 December. Eligible institutional shareholders may take up all, part or none of their entitlement.

Entitlements not taken up by eligible institutional shareholders and entitlements of ineligible institutional shareholders will be placed into the institutional shortfall bookbuild. Shareholders will not receive any proceeds from the sale of entitlements not taken up.

Retail Entitlement Offer

The Retail Entitlement Offer is expected to raise funds of approximately \$36 million. The Retail Entitlement Offer is expected to open on Wednesday, December 19 and close at 5pm (Perth time) on Friday, January 11, 2013. Under the retail component of this raising, all Eligible Retail Shareholders are being offered the opportunity to subscribe for 2 New Shares for every 3 existing Shares held on the Record Date of Monday, December 17, 2012 at 7.00pm (Sydney time) at the same Offer Price of \$0.16 per New Share.

Eligible Retail Shareholders may also subscribe for New Shares in excess of their Entitlement. The allocation of Shares in excess of Entitlements will be subject to Macmahon's discretion and limited to the extent there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlement.

All New Shares issued pursuant to the Offer will be fully paid and rank equally with existing Shares.

The Retail Entitlement Offer booklet will be lodged with the ASX and dispatched to eligible retail shareholders on Wednesday, 19 December 2012.

Shareholder enquiries

Any questions regarding the Retail Entitlement Offer should be directed to the Macmahon Entitlement Offer Information Line on 1300 380 630 (within Australia) or +61 (03) 9415 4679 (from outside Australia) at any time from 9.00am to 5.00pm (Perth time) Monday to Friday during the Retail Entitlement Offer period or contact your stockbroker, accountant or other independent professional adviser.

Further information in relation to the matters described in this announcement is set out in an investor presentation released today to ASX by Macmahon. The investor presentation contains important information, including important notices, key risks and key assumptions in relation to certain forward-looking information in this document.

Key Dates

Event	Date
Announcement	Wednesday, 12 December 2012
Institutional Entitlement Offer	Wednesday, 12 December 2012 to Thursday, 13 December 2012
Macmahon shares to recommence trading on ASX	Friday, 14 December 2012
Record Date for the Entitlement Offer	Monday, 17 December 2012 at 7.00pm (Sydney time)
Retail Entitlement Offer opens	Wednesday, 19 December 2012
Mailing of personalised Entitlement and Acceptance Form and Retail Entitlement Offer booklet to eligible retail shareholders	By Wednesday, 19 December 2012
Settlement of Institutional Entitlement Offer	Thursday, 20 December 2012
Trading of New Shares issued under the Institutional Entitlement Offer	Friday, 21 December 2012
Retail Entitlement Offer closes	Monday, 14 January 2013 at 5.00pm (Perth time)
Announcement of results of Retail Entitlement Offer	Wednesday, 16 January 2013
Settlement of the Retail Entitlement Offer	Monday, 21 January 2013
Issue of New Shares and Additional New Shares under the Retail Entitlement Offer	Tuesday, 22 January 2013
Normal trading of New Shares and Additional New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 23 January 2013
Dispatch of holding statements	Friday, 25 January 2013

Not for release or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (the "Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Disclaimer

This release contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "should", "could", "may", "will", "believe", "forecast", "outlook" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Macmahon, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this release are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Macmahon, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Macmahon cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements. The forward looking statements are based on information available to Macmahon as at the date of this release. Except as required by law or regulation (including the ASX Listing Rules), Macmahon undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

*** ENDS ***

For further information, please contact:

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About Macmahon

Macmahon is a leading Australian contract mining and construction company with major projects throughout Australia, in New Zealand, South East Asia and Africa.

An ASX listed company, Macmahon has played a major role in the delivery of many of Australia's largest multi-disciplinary mining and construction projects throughout its 49 year history.

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.