ASX Release

MACMAHON

19 December 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Macmahon releases Retail Entitlement Offer Booklet

Macmahon Holdings Ltd (MAH:ASX) today released its Retail Entitlement Offer Booklet for the retail component of its $80.7 million fully underwritten 2 for 3 pro rata accelerated non-renounceable Entitlement Offer (“Offer”) of new ordinary shares in Macmahon announced to ASX on 12 December 2012.

The following documents relating to the retail component of the Offer will be mailed to Eligible Retail Shareholders and are attached for release to the market (in accordance with ASX Listing Rule 3.17):

- Retail Entitlement Offer Booklet; and
- Sample Entitlement and Acceptance Form.

Only Eligible Retail Shareholders may participate in the retail component of the Offer. Eligible Retail Shareholders may also apply for additional shares in excess of their Entitlement on and subject to the terms set out in the Retail Entitlement Offer Booklet.

A notification which was sent to Ineligible Retail Shareholders will be released to ASX separately.

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 or any other jurisdiction in which such an offer or sale would be unlawful. The securities to be offered and sold in the retail component of the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. Accordingly, the securities to be offered and sold in the retail component of the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in accordance with Regulation S under the U.S. Securities Act.

*** 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.

Retail Entitlement Offer

Macmahon Holdings Ltd

Details of a 2 for 3 accelerated non-renounceable pro rata Entitlement Offer of Macmahon Holdings Limited ordinary shares at an offer price of $0.16 per share

Retail Entitlement Offer closes at 5.00pm (Perth time) on Monday, 14 January 2013

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This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety.

Please call your stockbroker, accountant or other independent professional adviser or the Macmahon Entitlement Offer Information Line if you have any questions.

MACMAHON

Important Information

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

No cooling-off rights

No cooling-off rights apply to the Retail Entitlement Offer – you cannot in most circumstances withdraw your application once it has been accepted.

Forward looking statements

This Booklet contains certain “forward looking statements”. Forward looking statements include those containing words such as: “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions. Any forward looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Macmahon, including the risks and uncertainties described in the “Key risks” section of the Investor Presentation which is included in this booklet in the ASX Announcements section at Section 3.2. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends and other estimates. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of Macmahon’s business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Macmahon’s control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and except as required by law or regulation, Macmahon assumes no obligation to update these forward looking statements.

To the maximum extent permitted by law, Macmahon and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

The financial guidance in relation to the 2013 financial year contained in this Booklet and the Investor Presentation and information derived from it does not represent final or actual numbers and has not been reviewed by Macmahon’s auditor. No review statements by Macmahon’s auditor have been made on this information. Macmahon’s actual financial information, once published, may differ from the guidance in the Investor Presentation and this Booklet.

Foreign jurisdictions

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares or the Additional New Shares, or otherwise permit a public offering of the New Shares or Additional New Shares, in any jurisdiction outside of Australia and New Zealand.

United States

This Booklet and any material accompanying it may not be released or distributed in the United States . This Booklet and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (the “**U.S. Securities Act**”) or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. The Entitlements described in this Retail Offer Booklet may only be taken up by, and the New Shares and Additional New Shares may only be offered or sold to, certain persons outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

Unless otherwise stated, all dollar values in this Booklet are in Australian dollars.

Contents

Chairman's Letter

19 December 2012

Dear Shareholder,

On behalf of the Board of Macmahon Holdings Limited ("**Macmahon**"), I am pleased to invite you to participate in an equity issue to raise approximately $80 million. This equity is being issued through an accelerated non-renounceable entitlement offer ("**Entitlement Offer**") of new Macmahon shares at an issue price of $0.16 per New Share ("**Offer Price**"). Under the retail component of the Entitlement Offer, all Eligible Retail Shareholders (as defined in section 4.1 of the Retail Offer Booklet) are being offered the opportunity to subscribe for 2 New Shares for every 3 existing Shares held at 7.00pm (Sydney time) on Monday, 17 December 2012 ("**Record Date**") at an Offer Price of $0.16 per New Share. All Eligible Retail Shareholders who apply to take up their entire entitlement may also apply to subscribe for New Shares in excess of their entitlement.

Purpose of the equity raising and strategy update

The equity raising is being undertaken to strengthen the balance sheet following recent Construction write-downs and to fund the future growth of the Mining business, particularly the capital expenditure for the Christmas Creek Mine expansion project.

On Wednesday, 12 December 2012, Macmahon announced it had signed a Memorandum of Understanding with Leighton Holdings Limited to transfer the majority of its current Construction projects to Leighton. The strategic decision to exit Construction followed the review of Macmahon's construction projects as outlined by our new Chief Executive Officer, Mr Ross Carroll, at Macmahon's 2012 Annual General Meeting. As a result of this review, Macmahon identified a further deterioration of some Construction projects, leading to a revision of its earnings guidance to net profit after tax of $nil-$25 million for the 2013 financial year. By exiting Construction, Macmahon will be in a position to reduce the risk and variability that has impacted on its profitability in recent times.

By exiting Construction Macmahon will be able to focus on the areas of its business in which it has traditionally delivered outstanding results. The equity raising will support the future growth of the Mining Business as Macmahon implements this new strategy. This will ensure balance sheet funding for up front capital expenditure requirements at Christmas Creek and Tropicana, in addition to providing support for other early working capital requirements. It will also reduce gearing and provide greater financial flexibility as Macmahon pursues a mining focused future.

The equity raising, combined with the decision to exit Construction, puts Macmahon in a strong position to maximise growth opportunities in the mining sector.

Macmahon conducted the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") from Wednesday, 12 December 2012 to Thursday, 13 December 2012 to raise approximately $42 million (before expenses). The New Shares offered under the Institutional Entitlement Offer are expected to be issued on Friday, 21 December 2012 and commence trading on ASX the following trading day. This Booklet relates to the retail component of the Entitlement Offer ("**Retail Entitlement Offer**") which is expected to raise approximately a further $38 million (before expenses).

Leighton, Macmahon's largest shareholder with 19%, has shown strong support for the Entitlement Offer and has committed to subscribe for its full entitlement under the Institutional Entitlement Offer and sub-underwrite the entire Retail Entitlement Offer on a subordinated basis to other sub-underwriters subject to any required FIRB approval (however such approval is not expected to be required based on sub-underwriting interest received from other parties). In addition, all Directors who are shareholders intend to participate in the Retail Entitlement Offer, either in whole or in part.

Your Entitlement

As an Eligible Retail Shareholder you are entitled to subscribe for 2 New Shares for every 3 Shares held at 7.00pm (Sydney time) on the Record Date ("**Entitlement**") at an Offer Price of $0.16 per New Share, on and subject to the terms of the Retail Entitlement Offer. The Offer Price represents a discount of approximately 28.3% to the Theoretical Ex-Rights Price ("**TERP**")[1] on 7 December 2012, the last trading day before the announcement of the Entitlement Offer. You may also subscribe for New Shares in excess of your Entitlement ("**Additional New Shares**"). The allocation of Shares in excess of your Entitlement will be made in priority to allocations to sub-underwriters of the Retail Entitlement Offer but otherwise 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, but will have priority over the allocation of New Shares (if any) to sub-underwriters of the Retail Entitlement Offer.

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

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 Entitlement Offer.

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Actions required to take up your Entitlement

If you are an Eligible Retail Shareholder and wish to take up your Entitlement, either in whole or in part, you will need to complete and return your personalised Entitlement and Acceptance Form which accompanies this Booklet and pay the application monies ("**Application Monies**") or make a payment by BPAY®. The closing date for the receipt of Entitlement and Acceptance Forms and Application Monies is 5.00pm (Perth time) on Monday, 14 January 2013. If you are paying by cheque, bank draft or money order, please ensure that you allow sufficient time for delivery of applications by mail, which must be received by no later than 5.00pm (Perth time) on Monday, 14 January 2013. Should you choose to pay by BPAY it is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 3.00pm (Perth time) on Monday, 14 January 2013. Please refer to the instructions in the How to Apply section at Section 2 in this Booklet for further information.

If you do not wish to take up any of your Entitlement, you do not have to take any action. As the Entitlement Offer is non-renounceable, Entitlements will not be tradeable on ASX or otherwise transferable. If you do not take up your full Entitlement, those Entitlements that you do not take up will lapse and you will not receive any payment or value for them.

Macmahon shareholders who are not institutional investors and who are resident outside Australia and New Zealand are not eligible to participate in the Retail Entitlement Offer. To satisfy applicable Corporations Act conditions, Macmahon has appointed a nominee and will issue the nominee with entitlements to subscribe for the New Shares that would otherwise have been available for subscription by ineligible foreign shareholders. The nominee will arrange the sale of those entitlements to certain institutional investors. Macmahon has applied for and obtained the approval of the Australian Securities and Investments Commission ("**ASIC**") for the appointment of the nominee to sell the New Shares that would otherwise have been issued to ineligible foreign shareholders for the purposes of section 615 of the Corporations Act. As the Entitlement Offer is non-renounceable, there will be no proceeds from the sale of such entitlements and, accordingly, ineligible foreign shareholders will not receive any payment or value.

Further information

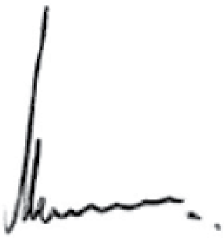
Details of the Retail Entitlement Offer, as well as the risks associated with investing in Shares, are contained in the ASX announcements included in section 3 of this Booklet which you should read carefully and in their entirety.

If you have any doubt as to how you should respond to this Retail Entitlement Offer, you should seek professional financial advice before making any investment decision.

For further information regarding the Retail Entitlement Offer, please call the Macmahon Entitlement Offer Information Line on 1300 380 630 (within Australia) or +61 3 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.

On behalf of the Board, I thank you for your continued support of Macmahon and invite you to consider this further opportunity to invest in Macmahon.

Yours sincerely



Mr Ken Scott-Mackenzie

Chairman

1. Key Dates

Event	Date
Institutional Entitlement Offer	Wednesday, 12 December 2012 to Thursday, 13 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 this Booklet to Eligible Retail Shareholders	Completed by Wednesday, 19 December 2012
Retail Entitlement Offer closes	Monday, 14 January 2013 at 5.00pm (Perth time)
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

Dates and times in this Booklet are indicative only and subject to change. Macmahon, in conjunction with the Underwriters, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to withdraw or vary the dates and times of the Retail Entitlement Offer without notice. In particular, Macmahon reserves the right to extend the closing date of the Retail Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens. No cooling-off rights apply to applications submitted under the Retail Entitlement Offer – you cannot, in most circumstances, withdraw your application once it has been accepted. The commencement of quotation of New Shares and Additional New Shares is subject to confirmation from ASX.

Enquiries

If you:

- have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Macmahon Entitlement Offer Information Line **1300 380 630** (within Australia) or **+61 3 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. We recommend you consult your stockbroker, accountant or other independent professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

Website

www.macmahon.com.au

2. How to Apply

2.1 The Retail Entitlement Offer

Under the Entitlement Offer, Eligible Retail Shareholders (as defined in Section 4.1 of this Booklet) are being offered the opportunity to subscribe for 2 New Shares for every 3 existing Shares held at the Record Date of 7.00pm (Sydney time) on Monday, 17 December 2012, at the offer price of $0.16 per New Share ("**Offer Price**"), subject to the terms of the Retail Entitlement Offer.

You should note that not all Macmahon shareholders will be eligible to participate in the offer of New Shares. Please read the Additional Information section at Section 4.

The ratio and price for the issue of New Shares under the Retail Entitlement Offer and the Institutional Entitlement Offer are the same. The Record Date under the Retail Entitlement Offer and the Institutional Entitlement Offer is the same.

2.2 Additional New Shares

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement ("**Additional New Shares**"). The issue of any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements.

Additional New Shares will be allocated to Eligible Retail Shareholders in priority to allocations to sub-underwriters of the Retail Entitlement Offer but otherwise in Macmahon's absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Macmahon may apply any allocation policy or scale-back to applications for Additional New Shares in any manner it decides and in its absolute discretion.

There is no assurance that Eligible Retail Shareholders who apply for Additional New Shares will be allocated all or any of those Additional New Shares. However, applications for Additional New Shares by Eligible Retail Shareholders will have priority over the allocation of New Shares (if any) to sub-underwriters of the Retail Entitlement Offer.

New Shares and Additional New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Shares on issue.

Please read the Additional Information section at Section 4 for further information in relation to the Entitlement Offer.

2.3 Please carefully read the information in this Booklet and the personalised Entitlement and Acceptance Form

The Retail Entitlement Offer is not being made under a prospectus or product disclosure statement. Rather, the Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues and related issues to be made by providing certain confirmations to the market, on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Entitlement Offer, when read with this Booklet and the accompanying information, is publicly available.

This Booklet does not contain all of the information which may be required in a prospectus or product disclosure statement. As a result, it is important for Eligible Retail Shareholders to carefully read and understand publicly available information on Macmahon and the Retail Entitlement Offer, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please read this Booklet in its entirety, Macmahon's annual and interim reports and other announcements made available at www.asx.com.au

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (see definition of Eligible Retail Shareholder in the Additional Information section at Section 4.1).

2.4 Please consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the "Key risks" section in the Investor Presentation released to ASX on Wednesday, 12 December 2012 which is included in this Booklet in the ASX Announcements section at Section 3.2.

An investment in Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Macmahon, including possible loss of income and principal invested. Macmahon does not guarantee any particular rate of return or the performance of Macmahon, nor does it guarantee the repayment of capital from Macmahon or any particular tax treatment. In considering an investment in Shares, investors should have regard to (amongst other things) the "Key risks" section in the Investor Presentation (which is included in this Booklet in the ASX Announcements section at Section 3.2) and the disclaimers outlined in this Booklet.

2.5 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 2 New Shares for every 3 Shares you held as at the Record Date rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares and Additional New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares then on issue. New Shares and Additional New Shares will be entitled to any dividends on ordinary shares with a record date after the date of issue.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please refer to the personalised Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares, if any) pursuant to the instructions set out on the personalised Entitlement and Acceptance Form. If you take no action you will not be issued New Shares and your Entitlement will lapse. Eligible Retail Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

You should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Macmahon will be diluted by not participating to the full extent in the Retail Entitlement Offer.

Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders (see definition of Eligible Retail Shareholder in the Additional Information section at Section 4.1). Macmahon is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (eg for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Macmahon assumes no obligation to advise you on any foreign laws.

Any person who is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement on behalf of any person in the United States.

Nominees may not distribute any part of this Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the “Selling restrictions” section of the Investor Presentation included in Section 3.2 of this Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where Macmahon may determine it is lawful and practical to make the Retail Entitlement Offer.

2.6 Impact of the Entitlement Offer on your shareholding and participation by Leighton

If you do not wish to take up your Entitlement under the Retail Entitlement Offer, your percentage shareholding in Macmahon will be diluted by those other shareholders who take up some or all of their Entitlements, apply for Additional New Shares or investors who subscribe for any shortfall pursuant to the Underwriting Agreement described in Section 4.11.

Leighton, Macmahon’s largest shareholder, committed to subscribe for its full entitlement under the Institutional Entitlement Offer. Leighton has also fully sub-underwritten the Retail Entitlement Offer subject to any required FIRB approval (however such approval is not expected to be required based on sub-underwriting interest received from other parties) on a subordinated basis to other sub-underwriters, and the Entitlement Offer is fully underwritten. In addition, all Directors who are shareholders will be participating in the Retail Entitlement Offer, either in whole or in part.

Based on Leighton’s participation in the Institutional Entitlement Offer and other sub-underwriting commitments received, it is expected that Leighton Holdings Investments Pty Ltd (“**Leighton**”)’s current approximate 19.0% relevant interest in Macmahon shares will increase to approximately 19.5% as a result of the Entitlement Offer.

Macmahon has applied for and obtained the approval of the Australian Securities and Investments Commission (“**ASIC**”) for the appointment of a nominee, and has appointed that nominee, to sell the entitlements to subscribe for New Shares that would otherwise have been available for subscription by ineligible foreign shareholders for the purposes of, and in accordance with, section 615 of the Corporations Act. As the Entitlement Offer is non-renounceable, there will be no proceeds from the sale of such entitlements and, accordingly, ineligible foreign shareholders will not receive any payment or value.

2.7 Acceptance of the Retail Entitlement Offer

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement; or
- do nothing, in which case all of your Entitlement will lapse and you will not receive any payment or value for your Entitlement.

If you do decide to take up all or part of your Entitlement, or apply for Additional New Shares, please:

- pay your Application Monies via BPAY; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies,

by following the instructions set out on the personalised Entitlement and Acceptance Form.

Macmahon will treat you as applying for as many New Shares as your payment will pay for in full, subject to the application of any allocation policy or scale-back it may determine to implement in its absolute discretion in respect of Additional New Shares. Amounts received by Macmahon in excess of your Entitlement may be treated as an application to apply for as many Additional New Shares as your excess amount will pay for in full.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, you will be issued your New Shares on or about Tuesday, 22 January 2013. If you apply for Additional New Shares then, subject to Macmahon's absolute discretion to apply any application policy or scale-back your application for Additional New Shares (in whole or part), you will be issued these on that same date. Macmahon's decision on the number of Additional New Shares to be allocated to you will be final.

Your application for Additional New Shares may not be successful (wholly or partially). Any surplus Application Monies received for more than your final allocation of Additional New Shares will be refunded after the close of the Retail Entitlement Offer on or around Friday, 25 January 2013 (except for where the amount is less than $2.00, in which case it will be donated to a charity chosen by Macmahon). No interest will be paid to Eligible Retail Shareholders on any Application Monies received or returned (wholly or partially).

Macmahon also reserves the right (in its absolute discretion) to reduce the number of New Shares and Additional New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims to Macmahon's satisfaction.

If you take no action you will not be issued New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Perth time) on Monday, 14 January 2013. Eligible Retail Shareholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is received by that time using the reply paid envelope provided with this Booklet or otherwise.

2.8 Payment methods

BPAY

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number ("**CRN**")). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares (and Additional New Shares, if any) as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (ie where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares (and Additional New Shares, if any) on the Entitlement to which that CRN applies.

Should you choose to pay by BPAY it is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 3.00pm (Perth time) on Monday, 14 January 2013. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Macmahon takes no responsibility for any failure to receive Application Monies or payment by BPAY before the Retail Entitlement Offer closes, as a result of, among other things, delays in postage or processing of payments by financial institutions.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Macmahon Entitlement Offer" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to $0.16 multiplied by the number of New Shares and Additional New Shares (if any) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed Entitlement and Acceptance Form, together with Application Monies, should be mailed using the reply paid envelope provided with this Booklet or otherwise to the following address:

Macmahon Entitlement Offer
c/o Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001
Australia

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque for Application Monies is insufficient to pay for the number of New Shares (and Additional New Shares, if any) you have applied for in your personalised Entitlement and Acceptance Form, your cheque will be dishonoured and you will not receive any New Shares or Additional New Shares. If, however, the amount for your bank draft or money order for Application Monies is insufficient to pay for the number of New Shares (and Additional New Shares, if any) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and Additional New Shares, if any) as your cleared Application Monies will pay for and to have specified that number of New Shares (and Additional New Shares, if any) on your personalised Entitlement and Acceptance Form. Alternatively, your application may not be accepted in Macmahon's discretion.

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (Perth time) on Monday, 14 January 2013. Cash payments will not be accepted. Receipts for payment will not be issued.

2.9 Warranties made on acceptance of the Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you will be deemed to have acknowledged, represented and warranted, for the benefit of Macmahon and the Underwriters, that you, and each person on whose account you are acting:

- agree to be bound by the terms of this Booklet;
- authorise Macmahon to register you as the holder(s) of the New Shares and any Additional New Shares allotted to you;
- declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- acknowledge that once Macmahon receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- agree to apply for, and be issued with up to, the number of New Shares and Additional New Shares that you apply for at the Offer Price per New Share;
- authorise Macmahon, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares or Additional New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder(s) of the shares in your name at the Record Date;
- acknowledge that the information contained in this Booklet is not investment advice or a recommendation that New Shares or Additional New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- represent and warrant that the law of any other place does not prohibit you from being given this booklet or making an application for New Shares or Additional New Shares; and
- represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Booklet and the Entitlement and Acceptance Form.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted, for the benefit of Macmahon and the Underwriters, on your own behalf and on behalf of each person on whose account you are acting that:

- you are not in the United States and you are not acting on behalf of a beneficial owner of Shares in the United States, and you are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares and Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- you and each person on whose behalf you are acting are acquiring the Entitlements, New Shares and Additional Shares in an “offshore transaction” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U. S. Securities Act;
- you understand that the Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction and, accordingly, the Entitlements may not be taken up, and the New Shares and Additional New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. Notwithstanding the foregoing, after the quotation of the Shares commences, you may sell Securities in standard (regular way) brokered transactions on the ASX if neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States; and
- you and each person on whose behalf you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States.

2.10 No withdrawals

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares and Additional New Shares (if any).

Macmahon reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares and Additional New Shares (if any) to Eligible Retail Shareholders, in which case Macmahon will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

2.11 Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares (and Additional New Shares, if any) from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Investor Centre website www.investorcentre.com. To access the Investor Centre you will need your Security Reference Number (“**SRN**”) or Holder Identification Number (“**HIN**”) as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site.

3. ASX Announcements

3.1 ASX Equity Raising Announcement dated 12 December 2012

ASX Release

MACMAHON

12 December 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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 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.

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T (08) 9232 1000 F (08) 9232 1001 info@macmahon.com.au **www.macmahon.com.au**

3.1 ASX Equity Raising Announcement dated 12 December 2012 (continued)

ASX Release

MACMAHON

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.

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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

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3.1 ASX Equity Raising Announcement dated 12 December 2012 (continued)

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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 ***

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3.1 ASX Equity Raising Announcement dated 12 December 2012 (continued)

ASX Release

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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.

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3.2 Investor Presentation dated 12 December 2012

New Strategy & Equity Raising Investor Presentation

12 December 2012

Not for release or distribution in the United States

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Important notices and disclaimer

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For details of specific restrictions that apply to the offer of New Shares in certain countries other than Australia, refer to the "Selling restrictions" slides of this presentation. This information is provided as a general guide only and is not legal advice.

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1

Important notices and disclaimer

Not investment advice: The information provided in this presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares. It is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs, and are advised to consult their own professional advisers. An investment in any listed company, including Macmahon, is subject to significant risks of loss of income and capital. Cooling-off rights do not apply to an investment in any New Shares. The recipient cannot, in most circumstances, withdraw an application once it has been accepted.

Financial data: All dollar values are in Australian dollars (A$) unless otherwise stated. Investors should note that this presentation contains pro-forma financial information. The pro-forma financial information and past information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Macmahon's views on its future financial condition and/or performance. Any pro-forma financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Future performance: This presentation contains certain forward-looking statements. Forward-looking statements can generally be identified by the words 'anticipate', 'believe', 'expect', 'project', 'propose', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'will', 'target', 'plan', 'outlook', 'guidance' and other similar expressions intended to identify forward-looking statements. Indications of, and guidance or outlook on, future earnings and financial position and performance of Macmahon, including the FY13 NPAT guidance and the implementation of Macmahon's new strategy, the exit from Construction and the outcome of the offer of New Shares referred to in this presentation, are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Macmahon, and its officers, employees, agents and associates, and may involve significant elements of subjective judgement and assumptions as to future events that may or may not be correct, all of which may cause actual results to differ materially from those expressed in or implied by such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those forward-looking statements are based. Accordingly, you should not place undue reliance on forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), neither Macmahon nor any of its Affiliates assumes any obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Prospective investors should note that past performance, including past financial and share price performance of Macmahon cannot be relied upon as an indicator of (and provides no guidance as to) future Macmahon performance including future share price performance.

Risks: An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Macmahon and Macmahon's directors, employees, servants, advisers or agents. Macmahon does not guarantee any particular rate of return or the performance of Macmahon nor does it guarantee the repayment of capital from Macmahon or any particular tax treatment. You should have regard to the 'Risks' section of this presentation that outlines some of these risks when making your investment decision.

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Acceptance: By attending an investor presentation or briefing, or accepting, assessing or reviewing this presentation you acknowledge and agree to the above.

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2

Overview

Macmahon's future growth strategy will be to leverage its current strong platform as a leading international provider of contract mining services

A mining focused future	**Mining – the core focus of Macmahon going forward** • Strong and profitable historical performance • Future growth underpinned by robust order book and preferred contractor status for Fortescue Metals Group's (Fortescue) Christmas Creek Mine Expansion (Christmas Creek) • Diversity through blue-chip client, commodity and geographical exposures
Exit of construction	**Decision made to exit Construction following operational and strategic review** • Review highlighted insufficient scale to withstand the risk and variability in earnings • MoU signed with Leighton to transfer majority of current Construction projects, with formal sale expected in early 2013, subject to satisfaction of conditions precedent that include Macmahon shareholder approval • Strategy to reduce Macmahon's risk profile and earnings variability
Earnings update	**FY13F NPAT guidance in the range of $nil to $25m** • Following a further review of construction projects and an evaluation of risks and opportunities, additional material write-downs will be taken at 1H13 • Problematic construction projects nearing completion, although risks remain • Actual FY13F NPAT will be subject to one-offs associated with exit of Construction (final number to be confirmed)
Equity raising	**Fully underwritten $80m equity capital raising places Macmahon in a position of greater overall strength. Funds raised to assist with:** • Addressing gearing and increasing working capital flexibility • Funding capital expenditure for Christmas Creek project • Supporting future growth of Mining Business • Leighton, Macmahon's largest shareholder (19%), has committed to take up its pro-rata entitlement in the 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)

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3

New Strategy

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Mining – the future business model

Macmahon's future business model will focus exclusively on its Mining Business and the pursuit of low capital intensity mining service opportunities

The Old Macmahon

- Surface Mining
- Underground Mining
- International Mining

Construction[1]

Exit of Construction

The New Macmahon

- Surface Mining
- Underground Mining
- International Mining
- Engineering
- Low capital intensity growth opportunities

(1) Macmahon to retain certain projects and residual liabilities. Further details provided on slide 17 and accompanying ASX announcement

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Mining – the future business model

The Mining Business continues to perform well and will form the core of Macmahon's strategy going forward

- ✓ End-to-end mining service model
- ✓ Long-term relationships with blue-chip clients
- ✓ Diverse international footprint
- ✓ Diverse commodity and client exposure
- ✓ Strong historical financial performance
- ✓ Future growth underpinned by ramp-up of Tropicana, Christmas Creek (preferred contractor status) and Tavan Tolgoi – with little new work reliance
- ✓ Pursue low capital intensity growth opportunities
- ✓ Offshore growth strategy leveraging existing long-term relationships

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6

Mining – trusted contractor to blue-chip clients

An enviable blue-chip client base and a strong track record of successful project delivery

Core platform for growth

- Significant mining order book ($1,947m at Oct 2012)[1]
- Strong pipeline of new opportunities with scope for further expansion overseas
- Diverse service offering to resources sector
- Proven ability to maintain strong client relationships over many years, resulting in many contracts being extended
- Increasing share of major projects evidenced by recent contract wins / awards of preferred contractor status (e.g. Tropicana, Christmas Creek)

FMG Fortescue Peabody Energy Xstrata
bhpbilliton AngloGold Ashanti Newmont
RioTinto Lafarge Glencore

Key projects and clients

Project	Commodity	Value	Start Date	End Date
Christmas Creek (WA)[2]	Iron Ore	$1,800m	2012	2017
Orebody 18 & Wheelara (WA) **(Under negotiation for renewal)**	Iron Ore	$975m	2006	2013
Tropicana Project (WA)	Gold	$900m	2012	2022
Eaglefield (QLD) **(Under negotiation for renewal)**	Coal	$550m	2003	2013
Olympic Dam (SA)	Uranium/ Copper/Gold	$687m	2004	2015
Argyle Mine (WA)	Diamond	$376m	2006	2014
Tavan Tolgoi (Mongolia)	Coal	US$250m[3]	2012	2017
Calabar Quarry (Nigeria)	Limestone	US$126m	2012	2019
CSA Shaft Extension (NSW)	Copper	$110m	2011	2014

(1) Excludes $1.8b Christmas Creek project (which is currently preferred contractor status) and expected contract renewals
(2) Christmas Creek contract is yet to be entered into, so its inclusion in this table is subject to formal contract award (Macmahon awarded preferred contractor status)
(3) Macmahon share

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7

Mining – preferred contractor for Christmas Creek

Update on status of Macmahon's role at Fortescue's Christmas Creek project

Project Highlights

- ✓ At $1.8b would represent the largest ever contract for Mining Business
- ✓ Long term contract – 5 years
- ✓ Schedule of rates structure reduces risk
- ✓ Moderate Macmahon capital commitment relative to size of project
- ✓ Fortescue to supply majority of fleet and equipment

Contract Status and Commencement of Works

- Formal contract negotiations are at an advanced stage – signing expected around end of December 2012
- $50m of early works through Limited Notice to Proceed
- Macmahon has commenced operations at site
  - Recruitment is well progressed with ~ 350 people recruited
  - 177 employees already mobilised to site
  - Mining activities are progressing and infrastructure construction underway
  - Mining of overburden, ore harvesting and drilling works have commenced

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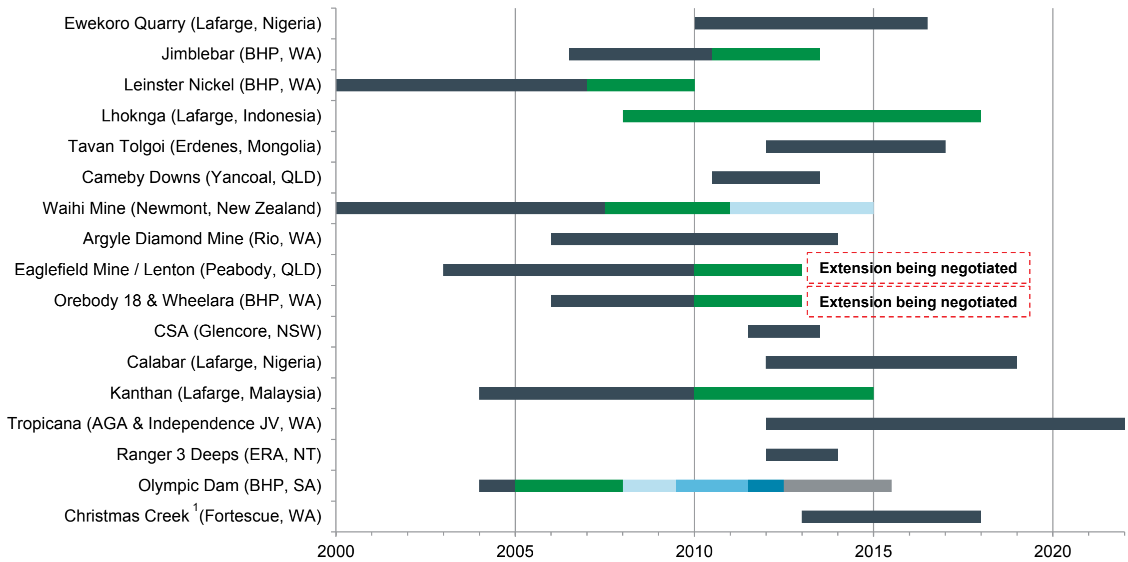
8

Mining – long-term client relationships

Macmahon has a track record of successful mining project delivery over 20+ years



(1) Christmas Creek project is subject to final contract award (Macmahon awarded preferred contractor status)
(2) Change of bar colours highlights approximate date of contract renewal or extensions

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9

Mining – history of project wins

The Mining Business has a strong track record of project wins, project delivery and contract renewal

(1) Christmas Creek project is subject to final contract award (Macmahon awarded preferred contractor status)

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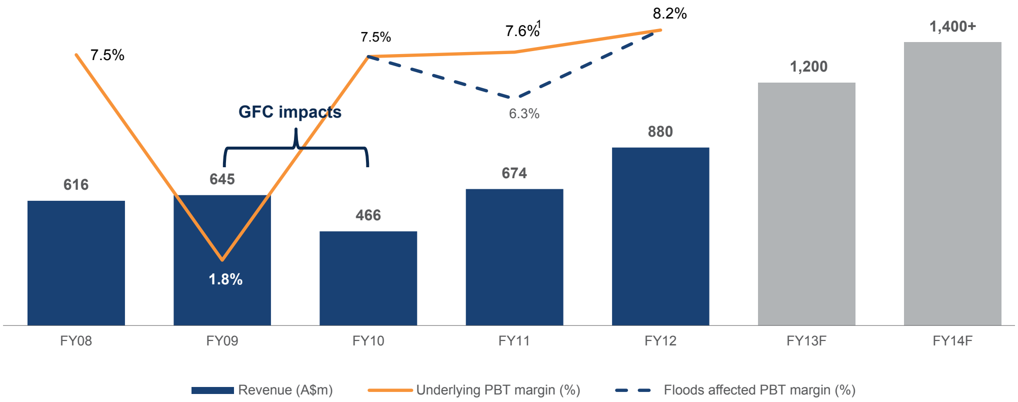
10

Mining – strong historical and forecast performance

A strong and profitable business historically. Future revenue underpinned by a significant order book of secured and expected work



- Strong historical performance
- Continued delivery of strong margins across projects
- Anticipate future margins to be broadly consistent with historical results

(1) FY11 PBT margin normalised to underlying level to reverse impact of Queensland floods (6.3% pre-normalisation). All of above projections include Christmas Creek project, which is subject to final contract award

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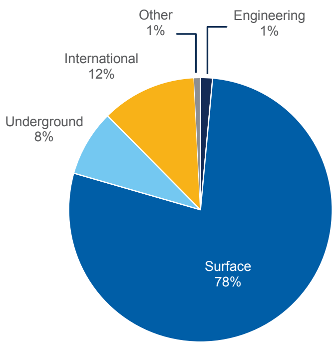
11

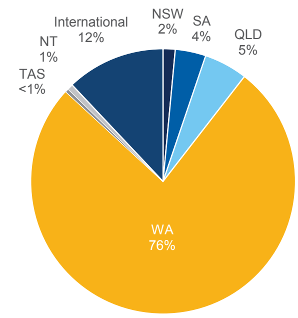
Mining – strength through diversity

Mining order book[1] will be well diversified by capability, geography and commodity

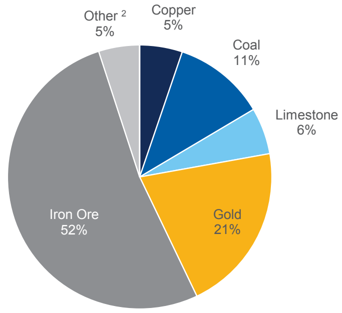
Mining order book by capability



Mining order book by location



Mining order book by commodity



(1) Mining only order book as at October 2012 plus Christmas Creek project and expected contract renewals
(2) Other commodity exposures include tin, uranium and diamonds

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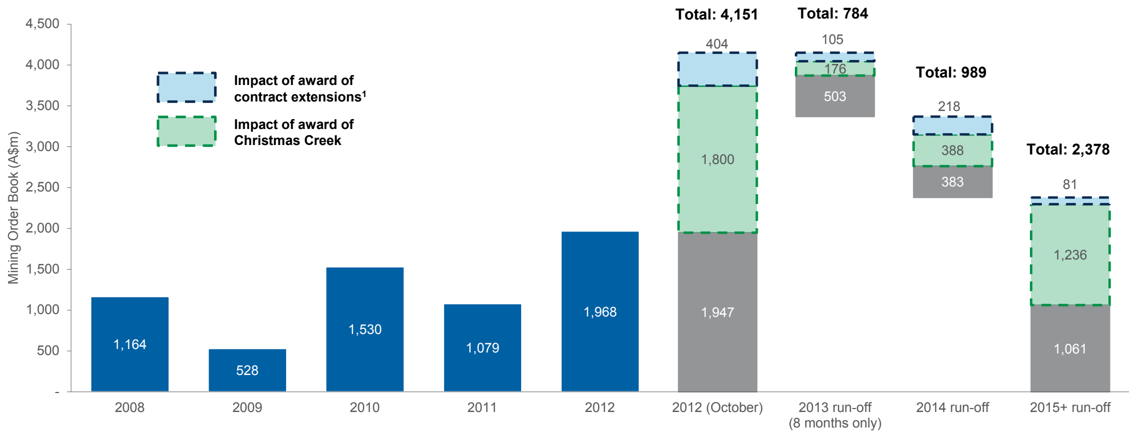
Mining – limited reliance on new work

Strong forward revenue visibility with mining order book at $1.9bn. FY13 revenue substantially secured or preferred contractor status



- Record level of work across the business
- $1.9 billion order book as at 31 October 2012; $3.7 billion including Christmas Creek
- Christmas Creek preferred contractor status, Eaglefield and Orebody 18 currently under negotiation for renewal

(1) Contract extensions refer to potential renewals at Orebody 18, Eaglefield / Lenton and Boddington

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Mining – Mongolia update

Update on Tavan Tolgoi coal contract for Erdenes Tavan Tolgoi (ETT) in Mongolia

Contract Highlights

- ✓ Macmahon currently has a 100% interest
- ✓ Contract style is 'cost-plus'
- ✓ Partly secured by client escrow account for forward payments
- ✓ Macmahon will produce at least 2.5Mt of coal in CY12

Current Status

- As production is ramped up strategy is to debt fund the acquisition of additional equipment
- The contract requires long-term funding being obtained by Macmahon
- Macmahon will require a sell-down of its interest in the project before it commits to any long-term funding package
- Mongolian partners identified for sell-down – subject to funding being secured
- Long-term funding is awaiting resolution of the project's broader funding
- Mongolian Government's US$1.5b bond issue may provide ETT with more funding certainty

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14

Construction exit

Decision made to exit Construction following an operational and strategic review

The Old Macmahon

- Surface Mining
- Underground Mining
- International Mining
- Construction[1]

Exit of Construction

The New Macmahon

- Surface Mining
- Underground Mining
- International Mining
- Engineering
- Low capital intensity growth opportunities

(1) Macmahon to retain certain projects and residual liabilities. Further details provided on slide 17 and accompanying ASX announcement

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15

Construction exit

A strategic and operational review of Construction was undertaken at the direction of new CEO Ross Carroll and the Board

Strategic Outcomes	Operational Outcomes
Following consideration of a number of alternate business models, we have made the decision to exit the Construction Business • Insufficient scale to withstand the risk and variability in earnings • High overhead cost model • Difficult to attract and retain key management necessary to deliver projects profitably • Macmahon's construction business is not positioned to deliver sustainable earnings and to be competitive in future	• Independent review group established to review key major projects • Total pre-tax write-downs of ~$95 – $100 million to be recognised in 1H2013 • All projects remain subject to ongoing review prior to proposed sale • Exit of Construction a priority • In the absence of a sale, downsizing and de-risking of Construction to occur: – No more tendering of large-scale projects – Closure of East Coast offices – Fold residual WA business into Surface Mining – Pursue sale of large JV projects in NT – Implement cost reduction programs

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16

Construction exit – Leighton MoU

MoU signed with Leighton for the transfer of the majority of current Construction projects to reduce risk and refocus capital and resources on new Mining Business model

Exit of Construction	**MoU signed with Leighton** • Projects and assets to be sold: – All JVs with Leighton – Inpex, Urban Superway[1], F2E (not commenced – preferred contractor status) – Majority other current projects[2] – Equipment used on projects sold • Several current contracts will be retained – HD4, GLNG, Solomon (all near completion)[3] • A copy of the MoU has been announced to the ASX (with commercially sensitive information redacted)
Key Conditions	**Sale is not certain and conditional upon (amongst others things):** • Finalisation of Leighton due diligence • Sale documentation. Announcement expected in coming weeks as final details are agreed • Macmahon shareholder approval, which will be sought under a notice of meeting that includes an Independent Expert's Report on whether the sale is fair and reasonable to non-associated shareholders
Impact	**Gross sale consideration of approximately $20m[4] (pre one-off costs)** • Once sale completed, a range of one-off costs of around $10m will be incurred for restructuring, redundancy and closure costs • Impact will be recognised on completion – anticipated to be in 2H13 • Further details about the proposed sale and its consequences to be included in shareholder approval documentation (expected to be dispatched in January 2013) • Approximately $40m of equipment retained for use in Mining Business or potentially sold • Liabilities on completed projects retained by Macmahon

(1) Macmahon to retain residual exposure to losses on the project in proportion to its current JV interest (with this residual liability to losses capped)
(2) Macmahon to retain residual exposure to losses on the Trangie project (with this residual liability to losses to be capped by agreement in the sale documentation)
(3) HD4 = Hope Downs 4; GLNG = Gladstone Liquified Natural Gas
(4) Subject to completion adjustments as described in the MoU announced to the ASX

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17

The new Macmahon

Macmahon will be repositioned as a leading ASX listed contract mining business which has a reduced risk profile, secured growth and will deliver more consistent earnings

Grow core Mining Business	• Strong and profitable historical performance • Level of contracted revenue and revenue security is high • Future growth underpinned by robust order book, recent major project wins and long-term blue-chip client base • Scope for further expansion once Tropicana and Christmas Creek have been bedded down
Renewed Strategic focus	• Business model which promotes consistent and sustainable profits • Diverse end-to-end mining contractor model • Balance growth with ability to deliver strong results • Leverage core competencies • Equity raising will strengthen balance sheet and provide flexibility to pursue growth
Exit Construction	• Active process to exit Construction (see MoU with Leighton) • Complete HD4, Solomon and GLNG as soon as possible (these projects excluded from MoU with Leighton) • In the event the MOU with Leighton does not proceed, a sale to a 3rd party will be pursued • In the absence of a sale, downsizing and de-risking of Construction to occur: – No more tendering of large-scale projects – Closure of East Coast offices – Fold residual WA business into Surface Mining – Pursue sale of large JV projects in NT – Implementation of cost reduction programs

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18

Earnings guidance

FY13 to be affected by historical Construction issues. Christmas Creek is expected to be a positive contributor to both FY13 and FY14 and reaffirms the strength of Mining

Current outlook

- Further growth potential in Mining
- However, conditions expected to remain challenging over the next 6 months
- Based on current expectations, FY13 NPAT is forecast to be in the range of nil to $25m primarily reflecting:
  - Increased level of Construction losses being recognised in 1H13 resulting in an anticipated 1H13 NPAT loss of between A$50m - $60m; offset by
  - Initial contribution of Christmas Creek[1] project (full benefit from FY14, once the project has ramped up), and
  - Increased contribution from the Tropicana project
- In the event of a sale of Construction, a range of one-off costs of around $10m will be incurred for restructuring, redundancy and closure costs

Expected Profit before Tax Contribution

- Assumes Construction not sold by 30 June 13 and managed on a 'run-off' basis
- Assumes no further deterioration in Construction project losses beyond that contemplated by the revised guidance range[3]
- Construction sale impacts not included in guidance; potential residual liabilities on sale not currently quantified

Dividend

- There will be no 1H13 dividend reflecting the anticipated loss in 1H13

FY13 ($m)	1H13	2H13	FY13
Mining PBT	35	50 – 65	85 – 100
Construction PBT	(100) – (125)	35[2]	(65) – (90)
Group NPAT	**(50) – (60)**	**60 – 75**	**0 – 25**

Risks to revised guidance include:

- Potential further losses on Construction projects
- Unanticipated weather events
- Material delay to either Tropicana or Christmas Creek ramp-up
- Securing short & long term funding for Mongolia
- Signing of Christmas Creek contract
- Potential sale implications not forecast

(1) Christmas Creek project is subject to final contract award (Macmahon awarded preferred contractor status)
(2) Assumes construction not sold by 30 June 2013. Figure assumes that certain claims and variations not brought to account in 1H13 (approximating $20m) as they may not be sufficiently progressed, are subsequently brought to account in 2H13
(3) Having regard to the analysis of risks and opportunities in respect of each project in connection with the revised guidance, and the stage of completion of these projects

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19

Equity Offer

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20

Background to Offer

Background to Offer	**The Offer addresses the capital requirements for Macmahon's growing Mining Business and strengthens the balance sheet following major write-downs in Construction** • Capital expenditures associated with Mining are significant • Despite the contribution of Christmas Creek to FY13 earnings, the increase in debt and impact of losses in Construction have resulted in gearing levels causing a potential breach of covenant at 31 December 2012
Purpose of the raising	**Macmahon is conducting the proposed equity raising to** • Strengthen the balance sheet, increase liquidity and reduce gearing • Fund the start-up of Christmas Creek • Ensure financial flexibility to fund the growth of its core Mining Business • Fund general working capital requirements
Strengthened balance sheet	**The proposed raising will reduce gearing and provide financial flexibility for Macmahon** • Reduces Pro-forma gearing from 30.0% to 4.9%[1] • Pro-forma net debt reduced from $96.5m to $19.5m • Provides ample working capital liquidity **Subject to completion of the Offer, Macmahon has been granted a formal waiver to exclude the impact of certain construction project losses from the calculation of covenant testing prior to September 2013** • The waiver obtained provides Macmahon with sufficient covenant headroom over the medium-term
Contract delivery	**Will re-position Macmahon to deliver the growth expected from existing and recent contract wins in Mining** • Ensures balance sheet funding for up front capital expenditure requirements at Christmas Creek and Tropicana • Support for additional early working capital requirements

(1) Net debt / Equity (Balance Sheet) assuming net Entitlement Offer proceeds of $77 million

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21

Details of the Offer

Size and Structure	• Fully underwritten 2:3 accelerated pro-rata non-renounceable entitlement offer to raise approximately $80 million (**Entitlement Offer**) • Approximately 504.7 million new Macmahon ordinary shares (**New Shares**) are expected to be issued (66.7% of pre-existing issued shares)
Offer Price	• $0.16 per New Share under the Entitlement Offer • 39.6% discount to the last traded price ($0.265) and a 43.8% discount to the 1 month VWAP ($0.285) • 28.3% discount to TERP ($0.223)
Institutional Offer	• The accelerated institutional component of Entitlement Offer to raise approximately $44 million
Retail Offer	• The Retail component of the Entitlement Offer to raise approximately $36 million
Underwriters	• Fully Underwritten
Leighton	• Leighton, Macmahon's largest shareholder (19%), has committed to take up its pro-rata entitlement in the 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)
Ranking	• New Shares issued will rank pari passu with existing shares

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22

Indicative timetable

Event	Date[1]
Announcement	Wednesday, 12 December 2012
Institutional Entitlement Offer	Wednesday, 12 December 2012 to Thursday, 13 December 2012
Macmahon Shares recommence trading on ASX	Friday, 14 December 2012
Record date for eligibility in the Entitlement Offer	Monday, 17 December 2012
Retail Entitlement Offer opens	Wednesday, 19 December 2012
Settlement of Institutional Entitlement Offer	Thursday, 20 December 2012
Trading of New Shares under the Institutional Entitlement Offer	Friday, 21 December 2012
Retail Entitlement Offer closes	Monday, 14 January 2013
Settlement of Retail Entitlement Offer	Monday, 21 January 2013
Trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 23 January 2013

(1) All dates and times referred to are based on Sydney time and are subject to change

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23

Impact on balance sheet and capital structure

$ million	As at 30 June 2012[1]	As at 31 October 2012[2]	Impact of $80m Offer[3]	Pro-forma as at 31 October 2012
Cash	134.9	136.6	-	136.6
Debt	217.5	233.1	(77.0)	156.1
Net debt	82.6	96.5	(77.0)	19.5
Equity	356.8	321.5	77.0	398.5
Gearing[4]	23.1%	30.0%	-	4.9%
Net Debt / EBITDA (Adj)[5]	0.7	0.8	-	0.4
Shares on Issue (m)	738.6	757.0	504.7	1,261.7
NTA per Share	$0.44	$0.39	-	$0.30

Note: Calculations are based on 100% take-up of the retail entitlement offer, net of fees
(1) Net debt at 30 June 2012 includes finance leases and hire purchase agreements of A$8.2m and other loans of A$2.4m, offset by capitalised borrowing costs of A$6.1m
(2) Based on unaudited 31 October 2012 balance sheet
(3) Net of estimated Offer costs. Assumes proceeds of raising applied to debt repayment initially
(4) Net Debt / Equity (Balance Sheet)
(5) Adjusted net debt to account for operating leases

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24

Debt maturity profile

$ million	Total facility	Drawn as at 30 Jun 2012	Drawn as at 31 Oct 2012	Pro-forma drawn as at 31 Oct 2012[1]	Pro-forma undrawn as at 31 Oct 2012[1,2]	Term
Working capital cash advance facility	75.0	64.0	60.0	Nil	75.0	3 years
Equipment finance facilities	275.0	149.0	166.0	149.0	126.0	3 and 4 years
Bank guarantee facilities	125.0	73.4	52.5	52.5	72.5	3 years
Insurance bonds	240.0	156.8	121.4	121.4	118.6	n/a
Operating lease facility (off balance sheet)[3]	75.0	37.9	57.9	57.9	17.1	n/a

(1) Based on unaudited 31 October 2012 balance sheet
(2) Assumes all proceeds from raising is applied to debt repayment
(3) Operating leases for plant and equipment include an option to purchase the assets at the expiry of their lease period and typically run for a term of 3 to 5 years with an option to extend for up to 1 to 2 years after that date

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25

Risks

Investors should be aware that there are risks associated with an investment in Macmahon. Some of the principal factors which may, either individually or in combination, affect the future operating performance of Macmahon are set out below. Some are specific to an investment in Macmahon and the New Shares and others are of a more general nature.

The summary of risks below is not exhaustive. This presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Macmahon is unaware of, or that it currently does not consider to be sufficiently material to describe in this presentation, may also become important factors that adversely affect the future performance of Macmahon and the New Shares.

It is important, therefore, for shareholders and investors, before applying for New Shares or investing in Macmahon, to read and understand the entire presentation and to carefully consider these risks and uncertainties. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

Earnings guidance	• Macmahon has provided revised guidance on the basis of a number of assumptions and forecasts, which may subsequently prove to be incorrect. Earnings guidance is not a guarantee of future performance and involves known and unknown risks, many of which are beyond the control of Macmahon. Key identified risks that may result in Macmahon not meeting its earnings guidance include a delay in being awarded the contract in respect of, or the ramp up at, Christmas Creek, a delay in the ramp up at Tropicana, any termination of key contracts including the Tavan Tolgoi project which remains subject to funding which has not been secured at this time, completion of the Construction exit, and further deterioration on projects due to excessive adverse weather, cost and productivity assumptions and inability to recover claims and variations from clients. • Macmahon's actual results may differ materially from its earnings guidance and the assumptions on which that earnings guidance is based. Not meeting its guidance is likely to adversely affect, and has in the past adversely affected, the price and value of Macmahon shares. Accordingly, you should not place undue reliance on Macmahon's earnings guidance.
Christmas Creek contract	• Macmahon has yet to finalise and execute the Christmas Creek contract with Fortescue Metals Group Limited, which if awarded, will be Macmahon's largest ever mining contract. Partly mitigating against this risk is that Macmahon is already on-site and performing its role as preferred contractor, which Macmahon believes makes it more likely that the Christmas Creek contract will be finalised and executed. However, Fortescue Metals Group Limited is under no obligation to award the contract to Macmahon and there is a risk that this will not occur. If Macmahon is not awarded the Christmas Creek contract, this would have a material adverse effect on Macmahon's expected financial performance and make it unlikely that Macmahon will achieve its earnings guidance.

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26

Risks

Debt covenants	• Macmahon's debt facilities are subject to covenants requiring Macmahon to comply with EBITDA interest cover, tangible net worth, total liabilities and contingent liabilities to total tangible assets, and net debt to EBITDA ratios. Macmahon has sought and obtained a waiver to exclude the impact of certain construction project losses from the calculation of covenant testing through to September 2013. • The waivers granted by Macmahon's lenders are subject to the successful completion of the Entitlement Offer referred to in this presentation. If Macmahon does not raise the full amount sought under the Entitlement Offer, these waivers will fall away and Macmahon may be in breach as at 31 December 2012. • A failure to comply with any of its debt covenants may require Macmahon to seek amendments, further waivers of covenant compliance or alternative funding arrangements. There is no assurance that Macmahon's lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditioned upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions on the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, demanding repayment of outstanding borrowings.
Further deterioration in, and retained exposure to construction business	• Macmahon has undertaken a review of its key construction contracts. • Notwithstanding this review, there is a risk that further deterioration may be caused by (but not limited to) adverse weather, changes in cost and productivity outcomes compared to the current assumptions and inability to recover claims and variations from clients in the Construction business and this would have an adverse impact on Macmahon's financial performance and position. • Partly mitigating against this risk is a number of large projects nearing completion –HD4, Solomon and GLNG. • A possible sale of Construction will reduce the risk of future losses being incurred, although Macmahon will retain exposure to certain retained contracts including HD4, Solomon and GLNG. • Macmahon retains exposure to any legal liabilities arising under completed contracts, regardless of any sale of Construction.
Mongolia	• Macmahon's ongoing ability to perform and enjoy the benefits of its Tavan Tolgoi (TT) project (described on slide 14) depends upon finalisation of long-term financing, which in turn is likely to require Macmahon to sell a 50% interest in that project to meet self-imposed gearing limits. Failure to obtain financing is likely to result in the termination of this project, which will have an adverse effect on Macmahon's financial performance and ability to meet its guidance. This risk is partly mitigated by the client's contractual obligation to purchase equipment at their written-down value.

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27

Risks

Sale of construction business

- Macmahon has entered into a memorandum of understanding with Leighton that provides for the parties to negotiate and work towards entering into definitive sale documentation for that business. As noted earlier in this presentation, the completion of that sale is subject to, amongst other things, finalisation of due diligence by Leighton, entry into definitive sale documentation and Macmahon shareholder approval, which will be sought under a notice of meeting that includes an Independent Expert's Report on whether the transaction is fair and reasonable to non-associated shareholders. Further details about the proposed sale are provided on slide 17 and in the accompanying ASX announcement.
- There is a risk that the sale of the construction business to Leighton will not proceed or may be delayed. Further, any sale documentation will require Macmahon to provide representations and warranties, and may require Macmahon to provide indemnities to Leighton, subject to agreed time and monetary limits. This exposes Macmahon to the risk of future claims against it by Leighton even if the sale completes, to the extent of the agreed representations, warranties and any indemnities. Further, Macmahon will retain exposure to certain contracts, as described on slide 17.
- If the sale of the construction business to Leighton does not proceed, there is a risk that Macmahon may not be able to find another buyer for that business on acceptable terms or at all. In the event a sale does not proceed, there is a risk that Macmahon may not be able to attract and retain key personnel to operate the business profitably. In addition, Macmahon's relationships with its customers, and its financial performance and position, may be adversely affected.
- In the event of a sale, a range of one-off costs of around $10m will be incurred for redundancy and closure costs.

Industry and commodity cycles

- Macmahon's financial performance is impacted by the level of activity in mining, civil infrastructure and construction. Activity levels are impacted by factors beyond Macmahon's control such as global economic conditions, commodity prices and government policy on infrastructure spending. Any significant or extended decline in the level of activity in these sectors is likely to adversely impact Macmahon's financial performance and position.
- Macmahon is indirectly exposed to movements in commodity prices. Commodity prices are volatile and subject to factors beyond Macmahon's control. In particular, any significant or extended decline in commodity prices may reduce the pipeline of work in the mining sector and the level of demand for the services of Macmahon's mining business. Macmahon's established relationships with blue-chip clients in the mining sector who generally have lower costs of production (meaning that their operations are less likely to be affected by lower commodity prices) are expected to partially mitigate against this risk. However, a decline in commodity prices would have an adverse impact on the resources industry and this may have a negative impact on Macmahon's financial performance and position.

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28

Risks

Early contract termination and contract variations

- Macmahon's order book and profit guidance is partly based on current contracts in hand and Macmahon derives a significant proportion of its revenue from providing services under large contracts. The contractual relationship relating to such contracts often allows Macmahon's clients to terminate the services on short term notice under termination for convenience provisions. These risks are partly mitigated by factors that mean it may be less attractive to a client to terminate Macmahon's services including the high cost of change out, termination payments potentially payable to Macmahon, demobilisation costs and contractual obligations on the client to purchase equipment at site in some cases. Early termination or failure to renew a contract by Macmahon's clients when that renewal is expected is likely to have an adverse effect on Macmahon's financial performance and position. The quantum of this adverse effect will vary based on a number of factors, including the value of the contract terminated or not renewed, and the magnitude of compensation due for termination for convenience under the contract.
- Macmahon's FY13 outlook has already been impacted by a number of contract losses or revisions and while Macmahon currently has no reason to believe any further existing contracts will be terminated or revised, there can be no assurance that this will not occur.
- Due to the nature of Macmahon's business, there is also a risk that Macmahon's claims for contract variations are disputed and not ultimately agreed, or are insufficiently certain at a point in time such that they cannot be brought to account in a given accounting period. This may have an adverse impact on Macmahon's reported performance in any given accounting period.

Failure to win new contracts and competition

- Macmahon's performance is impacted by its ability to win, extend and complete new contracts. Macmahon is in advanced stages of extending and tendering for a number of new contracts, including Orebody 18, Eaglefield / Lenton and Boddington, and based on previous experience expects to win a number of these. However, any failure by Macmahon to continue to win new contracts and its fair share of work in the sectors in which it operates will impact its financial performance and position.
- Macmahon operates in an increasingly competitive environment, with customers particularly focused on cost-reduction, and a number of foreign companies having recently established operations in Australia in the construction sector. Macmahon expects to continue to have a broad range of competitors across all of its operations, which impacts the margins that Macmahon is able to obtain on contracts. There is a risk that existing and increased future competition may limit Macmahon's ability to win new contracts or achieve attractive margins.
- A number of mining companies in Australia, including BHP Billiton and Rio Tinto, have stated their commitment to increase the level of owner operator mining (i.e. operating their mining projects in-house) in the future. As a result, future contract mining work for these customers may be shorter-term and/or limited in scope rather than full service contracts as Macmahon currently performs on some projects for these customers. There is a risk that this will reduce the amount of work available and increase competition, which may also limit Macmahon's future financial performance and position. These risks may be partly mitigated by the opening of new contractor operated mines in Australia, Macmahon's ability to pursue offshore expansion opportunities and second tier industry participants not being able to provide the full range of specialised services that Macmahon is able to provide.

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29

Risks

Debt servicing and refinancing risks	• Macmahon has a number of finance facilities which need to be renewed or refinanced on or before various maturity dates. Depending on its financial performance, there is a risk that Macmahon will be unable to service these facilities. If Macmahon is unable to refinance existing facilities or secure new facilities on acceptable terms, there is a risk that Macmahon may need to seek alternative funding, including potentially through the cash-flows of the business or from raising additional shareholder equity. • Factors such as increases in base rates, increased borrowings and weak operational performance could lead to Macmahon breaching its debt covenants, which would expose Macmahon to the risks noted above under the heading "Debt covenants".
Underwriting risks	• Macmahon has entered into an underwriting agreement that contains customary termination events for arrangements of this type and also termination events relating to non-performance of Leighton's pre-commitment to take up its entitlement and sub-underwrite the retail component of the Entitlement Offer. • Leighton has agreed to sub-underwrite the 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). The Leighton sub-underwriting agreement contains termination events in relation to Takeovers Panel proceedings or failure to comply with s615 of the Corporations Act. • If the underwriting agreement is terminated prior to settlement of any offer described in this presentation, that offer will not proceed.
Margins, operations, safety and environment	• Macmahon's long term viability is dependent upon its continued ability to operate efficiently, with minimal operational failures or accidents and maintain margins. Any cost overruns, unfavourable contract outcomes, serious or continued operational failure or safety incident has the potential to have an adverse financial impact. • Macmahon is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, or at all, Macmahon's financial performance and position could be adversely affected. • Macmahon has a key operational and safety focus which has driven its historical growth and success to date. However, Macmahon's operations involve risk to personnel and property. An accident may occur that results in serious injury or death, damage to property and environment, which may have an adverse effect on Macmahon's financial performance and position, and reputation and ability to win new contracts.
Equipment and consumable availability	• Being a contractor, Macmahon has a significant fleet of equipment and has a substantial ongoing requirement for consumables including tyres, parts and lubricants. A key risk to any contractor, including Macmahon, is the reliable supply and availability of equipment and consumables, particularly tyres. If Macmahon cannot secure such a reliable supply, there is a risk that its operational and financial performance may be adversely affected.

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30

Risks

Joint ventures	• Macmahon is party to joint ventures and, in some cases, may not be the manager of the joint venture. Macmahon is subject to the risks associated with joint ventures, which include joint and several liability and disagreements with respect to operational and financial matters. Where a joint venture partner does not act in the best interests of the joint venture, it may have an adverse effect on Macmahon's financial position and performance.
Asset impairment and write-down risk	• Macmahon has a fleet of assets that in the normal course of business may become idle for periods of time, as well as carrying goodwill assets and other investments. In the event the market value is lower than the carrying value of these assets or investments, Macmahon may be required to write these assets or investments down to market value, which may have an adverse impact on Macmahon's financial performance or position.
Industrial relations	• Industrial and workplace relations, particularly in the Australian construction industry, are influenced in changes in government legislation, negotiation of industrial and workplace agreements and related matters. Industrial disputes can adversely impact project completion and may have an adverse effect on Macmahon's financial performance and position.
Risks of dividends not being determined or fully franked	• The payment of dividends by Macmahon is dependent on the profitability and cash flow of Macmahon's business and its financial position. Circumstances may arise where Macmahon is required to reduce or cease paying dividends for a period of time. To the extent dividends are paid, there is a risk that sufficient franking credits may not be available to provide for full franking of dividends. • As noted on slide 19, there will be no 1H13 dividend
General risks of investment in shares	• There are general risks associated with investments in shares. The trading price and value of Macmahon shares, including New Shares, may fluctuate, including as a result of matters affecting Macmahon and movements in share markets in Australia and internationally. In recent times, the extent of this volatility in Macmahon shares and the wider market has been significant. This may result in the market price for the New Shares being less or more than the price paid by investors for them. None of Macmahon, the Lead Managers or any other person guarantees the market performance of New Shares. • Generally applicable factors that may affect the market for Macmahon shares, including New Shares, include general movements in Australian and international share markets, investor sentiment, Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation, changes in government regulation and policies, announcement of new technologies and geo-political instability, including international hostilities and acts of terrorism. • Investors should carefully consider this risk before making any investment in Macmahon shares.

MACMAHON

31

Risks

Recruitment and retention of personnel	• Macmahon's growth and profitability may be limited by any loss of key operating personnel, the inability to recruit and retain skilled and experienced employees or by increases in compensation costs associated with attracting and retaining personnel. Macmahon is dependent on the availability of suitably skilled labour to provide its services and accordingly access to labour represents an ongoing risk to the business.
Claims, liability and litigation	• Macmahon may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. Macmahon may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on Macmahon's profitability and/or financial position. • In the ordinary course of Macmahon's business, Macmahon provides letters of comfort, guarantees or indemnities in respect of the performance by it and its subsidiaries of their contractual and financial obligations. If any such letters, guarantees or indemnities are called upon, Macmahon's financial performance and position may be adversely affected.
Country risks	• While Macmahon primarily operates in Australia, it also operates in New Zealand, Asia, Mongolia and Africa, where sovereign risk may be higher than is the case in Australia. Some countries in which Macmahon operates have developing legal, regulatory or political systems, which are subject to unexpected or sudden change. The financial performance and position of Macmahon's foreign operations may be adversely affected by changes in the fiscal or regulatory regimes applying in the relevant jurisdictions, changes in, or difficulties in interpreting and complying with local laws and regulations of different countries (including tax, labour, foreign investment law) and nullification, modification or renegotiation of, or difficulties or delays in enforcing, contracts with clients or joint venture partners that are subject to local law. These risks are partially mitigated by Macmahon carrying Political Risk Insurance policies

MACMAHON

32

Selling restrictions

This presentation does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.

New Zealand

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered or sold to the public in New Zealand other than to existing shareholders of Macmahon with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of Macmahon (**initial securities**) in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this presentation.

Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

MACMAHON

33

Selling restrictions

Singapore

This presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are (i) an existing holder of Macmahon's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this presentation nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this presentation nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this presentation will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This presentation is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this presentation nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Macmahon.

In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

United States

This presentation may not be released or distributed in the United States. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this presentation have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

MACMAHON

34

3.3 Institutional Offer Completion announcement dated 14 December 2012

ASX Release

MACMAHON

14 December 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Macmahon successfully completes $42 million Institutional Entitlement Offer Bookbuild

Macmahon Holdings Ltd (ASX:MAH) is pleased to announce the successful completion of the bookbuild for the institutional component of its $80.7 million fully underwritten 2 for 3 pro rata accelerated non-renounceable Entitlement Offer ("Offer") of new ordinary shares in Macmahon ("New Shares").

Macmahon received strong interest in the Institutional Entitlement Offer from Macmahon's existing institutional shareholders who took up 86% of the New Shares available to them. The Institutional Entitlement Offer raised gross proceeds of approximately $42 million at the Offer price of $0.16 per New Share. A bookbuild for the small Institutional Entitlement Offer shortfall was held through which entitlements not taken up by eligible institutional shareholders, and those entitlements that would otherwise have been offered to ineligible institutional shareholders, were sold to other institutional investors and Leighton Holdings Limited ("Leighton") at the Offer Price.

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

Macmahon Chief Executive Officer Ross Carroll welcomed the milestone.

"The successful completion of the institutional component of the Offer demonstrates strong shareholder support for Macmahon's refocused strategy to build on the long term success of our Mining Business," he said.

"Macmahon looks forward to its mining focused future, with a strengthened balance sheet and supportive shareholder base".

Leighton, Macmahon's largest shareholder, has shown strong support for the Offer by subscribing for its full entitlement under the Institutional Entitlement Offer and participating in the Institutional shortfall bookbuild. Leighton had also offered to sub-underwrite the entire Retail component of the Entitlement Offer on a subordinated basis subject to any required FIRB approval. The underwriters to the Offer however secured alternative institutional sub-underwriting for the entire Retail Entitlement Offer such that no sub-underwriting will be required from Leighton. Post-completion of the Offer Leighton is expected to have a shareholding in Macmahon of approximately 19.5%. On

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3.3 Institutional Offer Completion announcement dated 14 December 2012 (continued)

ASX Release

MACMAHON

this basis, the Offer is now not expected to have any material effect or consequence on the control of Macmahon.

Retail Entitlement Offer

The Retail Entitlement component of the Offer is fully underwritten and is expected to raise funds of approximately $38 million. The Retail Entitlement Offer will open on Wednesday, December 19 and close at 5pm (Perth time) on Monday, January 14, 2013. Under the Retail Entitlement Offer, all eligible retail shareholders will be 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 price as shares were offered under the Institutional Entitlement Offer 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 or about Wednesday, December 19, 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 on December 12 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.

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3.3 Institutional Offer Completion announcement dated 14 December 2012 (continued)

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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",

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ASX Release

MACMAHON

"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.

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4. Additional Information

This Booklet (including the ASX announcements and the Investor Presentation in relation to the Entitlement Offer reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Macmahon. The information in this Booklet is dated Wednesday, 19 December 2012 (other than the Investor Presentation and ASX Entitlement Offer Announcement published on the ASX website on Wednesday, 12 December 2012 and the Institutional Entitlement Offer completion announcement published on the ASX website on Friday, 14 December 2012).

No party other than Macmahon has authorised or caused the issue of the information in this Booklet, or takes any responsibility for, or makes any statements, representations or undertakings in this Booklet.

This information is important and requires your immediate attention.

You should read the information in this Booklet carefully and in its entirety before deciding whether to invest in New Shares and Additional New Shares (if any). In particular, you should consider the risk factors outlined in the "Key risks" section of the Investor Presentation, which is included in this Booklet in the ASX Announcements section at Section 3.2 on pages 17 to 34, any of which could affect the operating and financial performance of Macmahon or the value of an investment in Macmahon.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. Macmahon has applied to ASX for the grant of official quotation of the New Shares and Additional New Shares. It is expected that normal trading on ASX will commence in relation to New Shares and Additional New Shares issued under the Retail Entitlement Offer on Wednesy, 23 January 2013. Macmahon will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares and Additional New Shares before the New Shares and Additional New Shares are listed on the official list of ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Macmahon, the Share Registry or the Underwriters. ASX accepts no responsibility for any statement in this Booklet.

4.1 Eligible Retail Shareholders

The information in this Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35.

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (Sydney time) on the Record Date [2];
- have a registered address on the share register in Australia or New Zealand;
- are not in the United States and are not acting on behalf of a beneficial holder of Shares in the United States;
- did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Retail Shareholders who do not satisfy each of these criteria are "**Ineligible Retail Shareholders**".

Macmahon reserves the right to determine whether a Retail Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

The Retail Entitlement Offer is not being extended to any shareholders outside Australia or New Zealand (see Sections 4.3 and 4.8 for further information). By returning a completed Entitlement and Acceptance Form or making a payment by BPAY, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States .

Macmahon may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

4.2 Additional New Shares

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (these Shares are referred to in this Booklet as "**Additional New Shares**") as outlined in Section 2.2.

2 Pursuant to a waiver from ASX, Macmahon is entitled to disregard transactions occurring after implementation of the trading halt in Macmahon shares on Monday, 12 December 2012, except for settlement of on-market transactions that occurred prior to the implementation of the trading halt.

4.3 Ineligible Retail Shareholders and foreign shareholders

Macmahon has decided that it is unreasonable to make offers under the Retail Entitlement Offer to holders of Shares who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

Macmahon shareholders who are not institutional investors and who are resident outside Australia and New Zealand are not eligible to participate in the Retail Entitlement Offer. To satisfy applicable Corporations Act conditions, Macmahon has appointed a nominee and will issue the nominee with entitlements to subscribe for the New Shares that would otherwise have been available for subscription by ineligible foreign shareholders. The nominee will arrange the sale of those entitlements to certain institutional investors. As the Entitlement Offer is non-renounceable, there will be no proceeds from the sale of such entitlements and, accordingly, ineligible foreign shareholders will not receive any payment or value.

4.4 No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your application once it has been accepted.

4.5 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

4.6 No Entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other financial market, nor can they be privately transferred.

4.7 Not investment advice or financial product advice

The Entitlement Offer to which the information in this Booklet relates is being made in reliance on section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. The information in this Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Macmahon is not licensed to provide financial product advice in respect of the New Shares or Additional New Shares.

The information in this Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Macmahon's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au.

The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Retail Entitlement Offer. If, after reading this Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

You should also consider the "Key risks" section of the Investor Presentation which is included in this Booklet in the ASX Announcements section at Section 3.2 on pages 17 to 34.

4.8 Foreign jurisdictions

The information in this Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares or the Additional New Shares, or otherwise permit a public offering of the New Shares or Additional New Shares, in any jurisdiction outside of Australia and New Zealand. Return of the personalised Entitlement and Acceptance Form or your BPAY payment will be taken by Macmahon to constitute a representation by you that there has been no breach of any such laws.

The distribution of this Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares (and Additional New Shares) are not being offered or sold to the public within New Zealand other than to existing shareholders of Macmahon with registered addresses in New Zealand to whom the offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

This Booklet or material accompanying it has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Booklet or material accompanying it is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This Booklet and any material accompanying it may not be released or distributed in the United States. This Booklet and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. Accordingly, the Entitlements may only be taken up by, and the New Shares and Additional New Shares may only be offered or sold to, persons that are not in the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

4.9 Governing law

The information in this Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in Western Australia. Each shareholder who applies for New Shares and Additional New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.10 Taxation

Taxation implications will vary depending upon the individual circumstances of Eligible Shareholders. You should obtain your own professional advice before deciding whether to invest in New Shares.

4.11 Underwriting

On Wednesday, 12 December 2012, Macmahon entered into the Underwriting Agreement under which Deutsche Bank AG, Sydney Branch and Macquarie Capital (Australia) Limited (the "**Underwriters**") have agreed to manage and fully underwrite the Entitlement Offer .

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- Macmahon has (subject to certain limitations) agreed to indemnify the Underwriters, each of their affiliates, successors and related bodies corporate, and their directors, officers, agents, employees, representatives and advisers against losses suffered or incurred in connection with the Entitlement Offer;
- Macmahon and the Underwriters have given representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer; and
- an Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where:
  - a statement contained in the offer materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements);
  - ASX announces that Macmahon will be removed from the official list or that any Shares will be delisted or suspended from quotation by ASX for any reason;
  - Macmahon withdraws the Entitlement Offer;
  - there is a delay in the timetable for the Entitlement Offer, without the prior consent of the Underwriters;
  - there is a change in the board of directors or certain senior management of Macmahon not previously disclosed to ASX by Macmahon;
  - there are adverse changes or disruptions to the financial markets of key countries or hostilities commence or escalate in key countries;
  - the ASX/S&P 200 Index is:
    - at the close of trading on ASX on any trading day from 12 December 2012 until the trading day immediately before the settlement date under the Institutional Entitlement Offer, at a level that is 10% or more below the level as at close of normal trading on ASX on 11 December 2012 ("**ASX Starting Level**"); or
    - at the close of trading on ASX on any trading day from the settlement date under the Institutional Entitlement Offer until the allotment of New Shares under the Retail Entitlement Offer, at a level that is 10% below the ASX Starting Level and remains at or below that level for at least 2 consecutive trading days; or
    - at the close of normal trading on ASX on the trading day before the settlement date under the Retail Entitlement Offer, at a level that is 10% or below the ASX Starting Level;
  - there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of Macmahon and its subsidiaries; or
  - Leighton does not take up its full entitlement under the Institutional Entitlement Offer or sub-underwrite the Retail Entitlement Offer in accordance with its commitments described in 2.6. Leighton may terminate its sub-underwriting agreement at any time before the settlement date under the Retail Entitlement Offer if the conditions in section 615 of the Corporations Act have not been satisfied in respect of the Entitlement Offer or if the Takeovers Panel issues or threatens to issue proceedings in relation to the Entitlement Offer and that threat or action is not withdrawn within 2 business days.

The Underwriters will be remunerated by Macmahon for providing these services.

The Underwriters reserve the right, at any time, to appoint sub-underwriters in respect of any part of the Entitlement Offer. Any sub-underwriters appointed, including Leighton, may are paid a fee by the Underwriters (and not Macmahon).

The Underwriters, their respective directors, officers, employees, representatives and agents "**Representatives**", their respective related bodies corporate and their Representatives (altogether, "**Related Third Parties**") have not authorised or caused the issue of this Booklet and take no responsibility for any information in this Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, each Underwriter and each of their respective Related Third Parties excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their respective Related Third Parties make any recommendations as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties to you concerning the Retail Entitlement Offer, or any such information and, by making an application to take up your Entitlement, you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their Representatives in relation to the New Shares, the Additional New Shares or the Retail Entitlement Offer generally.

4.12 Financial data

All dollar values in this Booklet are in Australian dollars ($ or A$) unless otherwise stated.

4.13 Information availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Booklet during the Retail Entitlement Offer period by calling 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. Persons who access the electronic version of this Booklet should ensure that they download and read the information in this Booklet in its entirety. The electronic version of this Booklet on the Macmahon website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Macmahon Entitlement Offer Information Line during the Retail Entitlement Offer period.

Neither this Booklet nor the accompanying Entitlement and Acceptance Form may be distributed to, or relied upon by, persons that are in the United States or are acting for the account or benefit of, persons in the United States, or otherwise distributed in the United States.

4.14 Forward looking statements and future performance

Neither Macmahon, its officers, employees, agents, associates and advisers, nor any other person, warrants or guarantees the future performance of the New Shares, Additional New Shares or any return on any investment made pursuant to the information in this Booklet. Forward looking statements, opinions and estimates provided in the information in this Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Macmahon and the Board of Macmahon, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Booklet.

4.15 Past performance

Past performance and pro-forma historical financial information given in this Booklet is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Booklet is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

4.16 Notice to nominees and custodians

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), institutional shareholders who were treated as ineligible institutional investors under the Institutional Entitlement Offer and Ineligible Retail Shareholders.

4.17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Booklet. Any information or representation that is not in this Booklet may not be relied on as having been authorised by Macmahon, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Macmahon, or any other person, warrants or guarantees the future performance of Macmahon or any return on any investment made pursuant to this Booklet.

5. Glossary

Term	Meaning
Additional New Shares	has the meaning given to it in the Additional Information section at Section 4.2.
Application Monies	a payment or payments made to subscribe for New Shares and Additional New Shares (if any).
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or a financial market operated by it.
Board	the board of directors of Macmahon.
Booklet	this document, including the Entitlement and Acceptance Form.
Closing Date	Monday, 14 January 2013 at 5.00pm (Perth time), unless extended.
Corporations Act	Corporations Act 2001 (Cth).
CRN	your unique Customer Reference Number, as described in Section 2.8.
Eligible Retail Shareholders	has the meaning given to it the Additional Information section at Section 4.1.
Entitlement	the number of New Shares which an Eligible Retail Shareholder is entitled to subscribe for under the Entitlement Offer.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Booklet which Eligible Retail Shareholders may use to apply for New Shares.
Entitlement Offer	the 2 for 3 accelerated non-renounceable pro rata entitlement offer to subscribe for New Shares at the Offer Price set out in this Booklet and announced to ASX by Macmahon on Wednesday, 12 December 2012.
Entitlement Offer Period	the period from and including the Opening Date until and including the Closing Date.
GST	Australian Goods and Services Tax.
Ineligible Retail Shareholders	Retail Shareholders who do not satisfy the criteria of Eligible Retail Shareholders set out in the Additional Information at Section 4.1.
Investor Presentation	the investor presentation relating to the Entitlement Offer, which was released to ASX by Macmahon on Wednesday, 12 December 2012 and a copy of which is set out in Section 3.2 of this Booklet.
Institutional Entitlement Offer	the institutional component of the Entitlement Offer, details of which were announced to ASX by Macmahon on Wednesday, 12 December 2012.
Leighton	means Leighton Holdings Investments Pty Limited (ABN 74 126 876 953)), a wholly owned subsidiary of Leighton Holdings Limited (ABN 57 004 482 982).
Macmahon	Macmahon Holdings Limited (ABN 93 007 634 406).
New Share	a Share issued under the Entitlement Offer.
Offer Price	has the meaning given to it in the How to Apply section at section 2.1.
Opening Date	Wednesday, 19 December 2012.
Record Date	Monday, 17 December 2012 at 7.00pm (Sydney time).
Retail Entitlement Offer	the retail component of the Entitlement Offer, details of which are set out in this Booklet.
Retail Entitlement Offer period	the period from and including the Opening Date until and including the Closing Date.
Retail Shareholder	a holder of Shares who is not an institutional shareholder.
Share	a fully paid ordinary share in the capital of Macmahon.
Shareholder	a holder of Shares.
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Underwriters	Deutsche Bank AG, Sydney Branch and Macquarie Capital (Australia) Limited.
Underwriting Agreement	the underwriting agreement between Macmahon and the Underwriters dated 12 December 2012 and described in Section 4.11 of this Booklet.
U.S. Securities Act	has the meaning given to it in the Important Information section.

Corporate Directory

Directors

Barry Cusack
Barry Ford
Vyril Vella
David Smith
Kenneth Scott-Mackenzie
Eva Skira
Ross Carroll

Company Secretary

Gregory Gettingby
Christopher Brown

Stock Exchange Listing:

Macmahon's ordinary shares are listed on ASX
ASX code: MAH

Website

www.macmahon.com.au

Australian Legal Advisers

Ashurst Australia

Level 32, Exchange Plaza
2 The Esplanade
Perth WA 6000

Macmahon Entitlement Offer Information Line

Australia: 1300 380 630
International: +61 3 9415 4679
Open 9.00am to 5.00pm (Perth time)
Monday to Friday during the Retail Entitlement Offer period

Share Registry

Computershare Investor Services Pty Limited

Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Australia: 1300 850 505
International: +61 3 9415 4000

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Tel: +61 8 9232 1000
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Email: info@macmahon.com.au

www.macmahon.com.au

MACMAHON
ABN: 93 007 634 406

For all enquiries:
Phone:
(within Australia) 1300 380 630
(outside Australia) 61 3 9415 4679

000001 000 MAH
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:

See over for details of the Offer and how to make your payment

Non Renounceable Entitlement Offer — Entitlement and Acceptance Form

Your payment must be received by 5:00pm* (Perth time) Monday 14 January 2013

*Payment must be received by 3.00pm for BPay® payments.

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: New Shares Accepted

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those shares.

Step 3: Additional New Shares Applied for

Enter overleaf, the number of Additional New Shares you wish to apply for (if any). Macmahon may apply any allocation policy or scale-back to applications for Additional New Shares in any manner it decides and in its absolute discretion.

There is no assurance that Eligible Retail Shareholders who apply for Additional New Shares will be allocated all or any of those Additional New Shares.

Step 4: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your Entitlement in full, you can also apply for Additional New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Booklet dated Wednesday, 19 December 2012.

Choose one of the payment methods shown below.
BPAY®: See overleaf. Do not return the slip with **BPAY** payment.
By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to "Macmahon Entitlement Offer". The cheque must be drawn from an Australian bank. Cash is not accepted.
Payment will be processed on the day of receipt. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer ➔

Macmahon Holdings Limited Non Renounceable Entitlement Offer
Payment must be received by 5:00pm (Perth time) Monday 14 January 2013

® Registered to BPAY Pty Limited ABN 69 079 137 518

Entitlement and Acceptance Form with Additional Shares

X 9999999991 IND

For your security keep your SRN/ HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 00005856

Offer Details:	Existing shares entitled to participate as at 17 December 2012:	**4,000**
	Entitlement to New Shares on a 2 for 3 basis:	**1**
	Amount payable on acceptance at $0.16 per share:	**$0.01**

STEP 2 Make Your Payment

BPAY

Biller Code: 204636
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your payment from your cheque or savings account.

Pay by Mail:

Make your cheque, money order or bank draft payable to "Macmahon Entitlement Offer".
Return your cheque with the below slip to:
Macmahon Holdings Limited
c/- Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Lodgement of Acceptance
If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 3:00pm (Perth time) on Monday 14 January 2013. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor the Company accepts any responsibility for loss incurred through incorrectly completed BPAY® payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.
If you are paying by cheque, bank draft or money order the slip below must be received by CIS by no later than 5:00pm (Perth time) on Monday 14 January 2013. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Shareholders outside Australia will need to affix the appropriate postage. Return the slip below with cheque attached. Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au

Detach here

Acceptance Payment Details

Entitlement taken up:

Number of Additional New Shares applied for:

Amount enclosed at $0.16 per New Share: A$.

Payment must be received by 5:00pm (Perth time) Monday 14 January 2013

Entitlement No: 00005856

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Contact Details

Contact Name ______________________ **Daytime Telephone** ______________

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

123456789123456789+0000000001-3051+14