ASX Release

MACMAHON

14 February 2013

Macmahon confirms new Sembawang proposal to purchase Construction projects

Macmahon Holdings Limited (ASX:MAH) confirms it has received a new proposal to acquire its Construction projects from Sembawang Australia Pty Ltd (Sembawang), dated 11 February 2013 (but received 13 February 2013), as outlined in the attached correspondence.

The Board is considering the proposal and will continue to keep the market informed in accordance with all legal and regulatory requirements.

*** 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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11 February 2013

The Board of Directors
Macmahon Holdings Limited
Level 3
27-31 Troode Street
WEST PERTH WA 6005
Attention: The Chairman

Dear Sirs,

PROPOSED TRANSACTION - SEMBAWANG AUSTRALIA PTY LTD

The purpose of this letter is to outline the terms on which Sembawang Australia Pty Ltd (**Sembawang**) makes an offer (**Offer**) for the construction assets (**Assets**) of Macmahon Holdings Limited (**Macmahon**) that are proposed to be acquired by Leighton Holdings Limited (**Leighton**) as summarised in Macmahon's notice of general meeting dated 18 January 2013 (**Notice of Meeting**).

Under the Offer, Sembawang is offering to acquire the Assets, on the same terms as Leighton, however, Sembawang will pay **AUD$35 million** before any adjustments.

With the benefit of having reviewed the independent expert's report prepared by Ernst & Young and the Notice of Meeting, Sembawang is now prepared to make an unconditional Offer, subject only to the execution of a formal sale and purchase agreement with Macmahon (**Sale Agreement**).

Sembawang anticipates that the Sale Agreement will be on consistent terms as the agreement entered into with Leighton, subject to any required alterations that may be required in order to substitute Sembawang as the 'purchaser'.

For the avoidance of doubt, the Offer is **not** subject to due diligence, finance, board approval, any regulatory or shareholder approvals or any other conditions.

Please do not hesitate to contact me should you have any queries.

Yours faithfully,
SEMBAWANG AUSTRALIA PTY LTD

Ir Richard Francis Grosvenor
Director, President & CEO

Australian Business Number ACN 140 404 100