



NOTICE OF ANNUAL GENERAL MEETING

FRIDAY, 15 NOVEMBER 2013 AT 9.30AM (WST)

at

**CITY WEST RECEPTION CENTRE, 45 PLAISTOWE MEWS, CITY
WEST CENTRE, WEST PERTH WA 6005**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Macmahon Holdings Limited will be held at the City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth WA 6005, Western Australia on Friday, 15 November 2013 at 9.30am (WST).

Attached to, and forming part of this Notice of Meeting is an Information Memorandum that provides Shareholders with background information and further details on the Resolutions to understand the reasons for, and the effect of, the Resolutions, if approved.

This information is presented in accordance with the regulatory requirements of the Corporations Act and the ASX Listing Rules.

Terms which are defined in section 2 of the Information Memorandum and are used in this Notice of Meeting have the same meaning as in the Information Memorandum.

ORDINARY BUSINESS

DISCUSSION OF FINANCIAL STATEMENTS

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2013.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report (which forms part of the Directors' report for the year ended 30 June 2013) be adopted".

Note: Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors.

Voting Prohibition Statement

A vote on Resolution 1 (and Resolution 5 if that resolution is put to the meeting) must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 (and Resolution 5 if that resolution is put to the meeting) if:

- (c) both the following apply:
 - i. the person does so as a proxy appointed by writing that specifies how the proxy is to vote on that resolution; and
 - ii. the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; or
- (d) all of the following apply:
 - i. the person is the Chairman of the Meeting; and
 - ii. the Chairman does so as a proxy appointed by writing that does not specify how the proxy is to vote on that resolution; and
 - iii. the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

RESOLUTION 2 – RE-ELECTION OF CHARLES ROLAND GILES EVERIST AS A DIRECTOR

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

“To re-elect Mr Giles Everist, who was appointed by the Board on 19 June 2013 and automatically retires from the office of Director in accordance with rule 3.3(a) of the Company’s Constitution, and being eligible, offers himself for re-election”.

RESOLUTION 3 – RE-ELECTION OF JAMES ALLAN WALKER AS A DIRECTOR

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

“To re-elect Mr James Walker, who was appointed by the Board on 11 October 2013 and automatically retires from the office of Director in accordance with rule 3.3(a) of the Company’s Constitution, and being eligible, offers himself for re-election”.

RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

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

“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, the grant to Mr Ross Anthony Carroll as the Company’s Managing Director and Chief Executive Officer of:

- (a) 490,124 Class A Performance Rights;
- (b) 735,186 Class B Performance Rights; and
- (c) 5,000,000 Class C Performance Rights;

on the terms and conditions set out in the Information Memorandum forming part of this Notice of Meeting, be approved. The issue of any fully paid ordinary shares by the Company on exercise of the Performance Rights is also approved.”

Voting Exclusion Statement

In accordance with the ASX Listing Rules and the Corporations Act, a vote must not be cast (in any capacity) on Resolution 4 by Mr Carroll or any associate of Mr Carroll. However, the ASX Listing Rules and the Corporations Act do not prevent the casting of a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Carroll or any of his associates.

RESOLUTION 5 – SPILL RESOLUTION (Contingent upon outcome of Resolution 1)

If at least 25% of the votes cast on Resolution 1 are against the adoption of the 2013 Remuneration Report, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That

- (a) an extraordinary meeting of Shareholders (‘spill meeting’) be held within 90 days of the Company’s 2013 Annual General Meeting (‘AGM’);
- (b) all the Company’s Directors (other than the Managing Director) who were Directors of the Company when the Board approved the Directors’ Report considered at the 2013 AGM, cease to hold office immediately before the end of the spill meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.”

OTHER BUSINESS

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

Determination of Shareholders' Right to Vote

For the purposes of the AGM, Shares will be taken to be held by persons who are registered as members of the Company as at 5.00pm (WST) on 13 November 2013. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.

Appointment of Proxy

A Shareholder has the right to appoint a proxy who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. These sections mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

More detail on these sections is provided below.

Proxy vote if appointment specifies way to vote

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (that is, as directed);
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (that is, as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (that is, as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the meeting;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Proxies on Resolutions 1 & 5 (Adoption of Remuneration Report & Spill Resolution)

If you appoint the Chairman of the Meeting as your proxy and you do not direct the Chairman as to how to vote on Resolution 1 (and Resolution 5 if that resolution is put to the meeting), the Chairman will vote in favour of the relevant resolution where the Chairman is authorised to do so, even though the relevant resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If you appoint any other member of key management personnel or any closely related party of a member of key management personnel (including a closely related party of the Chairman) as your proxy, you must direct that person how to vote on Resolutions 1 and 5 if you want your Shares to be voted on those items of business.

If either of the above applies to you and you do not act in accordance with the above, your proxy will not cast your votes on such resolutions and your votes will not be counted in calculating the required majority if a poll is called on such resolutions.

Lodgement of proxy documents

The completed proxy form enclosed with this Notice of Meeting (and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it) must be received by the Company at the address specified below by 9.30am (WST) Wednesday, 13 November 2013.

A proxy can be appointed electronically by visiting www.investorvote.com.au and following the instructions provided. A proxy can be appointed online if they are appointed under power of attorney or similar authority.

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting instructions.

For the purposes of section 249X(1A) of the Corporations Act, Shareholders are advised that the proxy appointed may be an individual or body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the AGM. The representative should bring to the AGM evidence of his or her appointment, including any authority under which the appointment is signed, unless it has been previously given to the Company.

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

Share Registry :	Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace Perth WA 6000
Facsimile Number:	(within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555
Postal Address :	GPO Box 242 MELBOURNE VIC 3001

Bodies corporate

In accordance with section 250D of the Corporations Act, a body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at a meeting of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the AGM evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

NOTICE IS ALSO GIVEN that the Company's 2013 Financial Report is now available at its website at www.macmahon.com.au

By order of the Board

CHRIS BROWN
Company Secretary
14 October 2013

INFORMATION MEMORANDUM

1. INTRODUCTION

This Information Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM of Macmahon Holdings Limited (ACN 007 634 406) to be held at the City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth, Western Australia on Friday, 15 November 2013 at 9.30am (WST).

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

2. GLOSSARY

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

"AGM"	The annual general meeting of the Company notified to Shareholders by this Notice of Meeting
"ASX"	ASX Limited (ACN 008 624 691)
"ASX Listing Rules"	The Official Listing Rules of the ASX, as amended from time to time
"Company" or "Macmahon"	Macmahon Holdings Limited (ACN 007 634 406)
"Company's Constitution" or "Constitution"	The constitution of Macmahon
"Corporations Act"	<i>Corporations Act 2001</i> (Cth) as amended from time to time
"Directors" or "Board"	The directors of the Company in office at the date of the Notice of Meeting
"Notice of Meeting"	This notice of meeting incorporating the Information Memorandum
"Performance Rights"	The rights to be granted to Mr Carroll pursuant to Resolution 4 on the terms and conditions set out in the Information Memorandum forming part of this Notice of Meeting, which will vest only on the Company achieving the performance hurdles as set out in the Information Memorandum
"Resolution"	A resolution contained in the Notice of Meeting to which this Information Memorandum relates
"Shareholder"	Person registered as the holder of Shares in the register of members of the Company
"TSR"	Total shareholder return being the change in a company's market capitalisation over a specified period adjusted for capital reconstructions plus the total value of dividends paid or payable by the company during that period, expressed as a percentage
"TSR Base Price"	The starting value of a share (which may be the share price on a day, or averaged over 60 calendar days) used to calculate TSR over a specified period

3. SHAREHOLDER APPROVALS REQUIRED

RESOLUTION 1 – REMUNERATION REPORT

Section 300A of the Corporations Act requires the Directors to include in their report for a financial year, a Remuneration Report. Section 250R requires that the Remuneration Report be put to the vote at the Company's AGM. The vote on this Resolution is advisory only and does not bind the Directors. The Board will, however, take into account the outcome of the vote when reviewing its remuneration policy.

The Corporations Act now states that, if a company's remuneration report receives a 'no' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held (within 90 days) at which all directors (other than the managing director) who were in office at the date of approval of the applicable directors' report must stand for re-election. So, in summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the board if the Remuneration Report receives "2 strikes".

At the Company's 2012 AGM, over 25% of the votes cast were against the adoption of the Remuneration Report for the year ended 30 June 2012. At the Company's upcoming 2013 AGM, if less than 25% of the votes cast are against the adoption of the Remuneration Report, Resolution 5 will not be put to the meeting. If 25% or more of the votes cast are against the adoption of the Remuneration Report, Resolution 5 will be required to be put to the 2013 AGM.

The Remuneration Report as set out within the Directors' Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and executives of the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each Director and for each member of the Company's executive management team; and
- makes clear that the basis for remunerating Non-executive Directors is distinct from the basis for remunerating executives, including the Managing Director.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Why should shareholders vote in favour of the Remuneration Report?

The Board has noted the 'no' vote received against the 2012 Remuneration Report. After consideration of the feedback received from shareholders and other stakeholders, the Board has made several important changes to the Company's remuneration practices to gain an increased level of shareholder support for the 2013 Remuneration Report.

The major changes to the Company's remuneration practices are summarised on page 34 of the 2013 Remuneration Report and in the Chairman's letter to shareholders dated 14 October 2013 that accompanies this Notice of Meeting. The Board believes that these changes, together with those described elsewhere in the Remuneration Report, are necessary and appropriate for the Company's current circumstances. The Board therefore seeks your support for the 2013 Remuneration Report.

Recommendation: The Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report. The Chairman intends to vote all undirected proxies *in favour* of Resolution 1 where he is permitted to do so.

RESOLUTION 2 – RE-ELECTION OF CHARLES ROLAND GILES EVERIST AS A DIRECTOR

Mr Giles Everist joined the Board as a Non-executive Director in June 2013 and automatically retires from the office of Director in accordance with rule 3.3 of the Company's Constitution. Being eligible, Mr Everist offers himself for re-election as a Director.

Mr Everist brings a strong commercial background and extensive experience in the contracting and resources sectors at both the Board and executive management level.

Mr Everist is currently the Chairman of Decmil Group and a director of both engineering firm LogiCamms and not-for-profit organisation Perth Home Care Services. He is also the Audit and Risk Committee Chairman at both LogiCamms

and Perth Home Care Services and brings a strong understanding of the resources sector, risk and contract management and governance issues to the Board.

He was previously the Chief Financial Officer and Company Secretary at Monadelphous Group and has also held senior roles at Fluor Australia, Hamersley Iron and Rio Tinto London.

Mr Everist completed his Bachelor of Sciences (Honours) in Mechanical Engineering at the University of Edinburgh and is also a Chartered Accountant.

Recommendation: The Board is of the view that Mr Everist will add considerable value to the Company due to his financial experience in the contracting and resources sectors. Consequently, the Board recommends that Shareholders vote *in favour* of Resolution 2. Mr Everist does not make a recommendation in relation to Resolution 2 because he has an interest in the outcome of this Resolution.

RESOLUTION 3 – RE-ELECTION OF JAMES ALLAN WALKER AS A DIRECTOR

Mr Jim Walker joined the Board as a Non-executive Director on 11 October 2013 and automatically retires from the office of Director in accordance with rule 3.3 of the Company's Constitution. Being eligible, Mr Walker offers himself for re-election as a Director.

Mr Walker has had a long and distinguished career with the WesTrac Group, a major supplier to the Company, and understands the Company's operating environment well. With over 30 years' experience with the WesTrac Group (the last 13 years as Managing Director and Chief Executive Officer) and over 40 years' experience in the mining and industrial equipment industry in general, Mr Walker comes with a wealth of knowledge and experience.

Mr Walker's previous appointments include Director of Seven Group Holdings Limited from February 2010 until August 2013, Director of WesTrac Pty Limited from February 1999 until October 2013, Director of National Hire Group Limited from June 2008 until April 2013 and National President of the Australian Institute of Management from May 2010 until May 2013.

Recommendation: The Board has determined that as a result of Mr Walker's distinguished career in the equipment industry in both Australia and overseas, his contribution would be of considerable value to the Board. Consequently, the Board recommends that Shareholders vote *in favour* of Resolution 3. Mr Walker does not make a recommendation in relation to Resolution 3 because he has an interest in the outcome of this Resolution.

RESOLUTION 4 – APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO ROSS ANTHONY CARROLL

Mr Carroll signed a new employment contract with the Company on his appointment as Managing Director and Chief Executive Officer on 19 September 2012.

In addition to an annual base salary and the opportunity to earn a cash bonus for each year, the contract provides for a long-term incentive under which the Company may grant to Mr Carroll, subject to shareholder approval, share performance rights which can be converted into fully paid shares provided certain performance criteria are met.

To give effect to this long-term incentive, the Board proposes that, subject to Shareholder approval of Resolution 4 and Mr Carroll accepting the grant of the Performance Rights, Mr Carroll be granted 490,124 Class A Performance Rights, 735,186 Class B Performance Rights and 5,000,000 Class C Performance Rights.

The Class A and Class B Performance Rights were foreshadowed in an ASX announcement on 6 November 2012 about Mr Carroll's CEO employment contract. This announcement stated that at the 2013 AGM, the Board intended to seek approval to grant 950,000 performance rights to the CEO, 40% of which would be eligible to vest on 30 June 2015, and 60% of which would be eligible to vest on 30 June 2016. The announcement also advised that Mr Carroll may be granted further performance rights for future periods.

The number of Class A and Class B Performance Rights were subsequently increased by 28.98% as a result of the Company's pro rata rights issue in January 2013, in accordance with Rule 12.2 of the Macmahon Executive Equity Plan.

The Class C Performance Rights are part of an annual remuneration package review process and are intended to incentivise performance in the period commencing on 1 July 2013, 100% of which would be eligible to vest on 30 June 2016.

The Performance Rights will be granted for no monetary consideration as part of Mr Carroll's remuneration package and no funds will be raised from the grant.

When determining the key components of this new contract the Directors were assisted by a leading remuneration consultant experienced in designing remuneration packages for senior executives. The Directors are satisfied that the terms of the contract are fair and reasonable for a Chief Executive of Mr Carroll's experience and standing while leading a company of Macmahon's size and type.

The Directors believe that the continued success of the Company will depend in large measure on the skills, motivation and leadership of Mr Carroll in overseeing the management of the Company's operations and strategy. The grant of performance-based remuneration linked to a company's share market performance is an established practice of listed companies in Australia and overseas. The Directors consider that the number and estimated value of the Performance Rights is an appropriate amount based on both market comparisons with other performance-based securities offered to other chief executives of similar listed companies.

For the Performance Rights to be of any value to Mr Carroll, the Company has to achieve the performance conditions as set out in the Company's 2013 Annual Report (at pages 42 and 43), and as such, Mr Carroll will only be rewarded if the Company performs under his leadership. Provided these performance conditions are met, and provided Mr Carroll remains as Managing Director of the Company, each class of Performance Rights will vest following the end of the following time periods:

- Class A Performance Rights – 19 September 2012 to 30 June 2015;
- Class B Performance Rights – 19 September 2012 to 30 June 2016; and
- Class C Performance Rights – 1 July 2013 to 30 June 2016.

The performance conditions relevant to the Class A and B Performance Rights are governed by the 2012 LTI Plan rules described on pages 58 – 60 of the Company's 2012 Annual Report. The performance conditions relevant to the Class C Performance Rights are governed by the 2013 LTI Plan rules (which include 2014 improvements) described on pages 42 and 43 of the Company's 2013 Annual Report.

Shareholder approval for the grant of the Performance Rights the subject of this Resolution is sought for the purposes of:

- ASX Listing Rule 10.11 which requires the grant of equity securities to a director to be approved by shareholders by ordinary resolution. Separate approval under ASX Listing rule 7.1 is not required if the issue is made with approval of shareholders under ASX Listing Rule 10.11; and
- Chapter 2E of the Corporations Act which governs the giving of financial benefits to "related parties" of a public company, including directors.

Subject to Shareholder approval, the Performance Rights the subject of Resolution 4 will, provided Mr Carroll accepts the grant of Performance Rights, be granted on the terms and conditions set out in this Information Memorandum.

Requirements of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the proposed grant of Performance Rights:

- (a) The Performance Rights are to be granted to Mr Carroll.
- (b) The maximum number of Performance Rights to be granted pursuant to Resolution 4 is 6,225,310, representing a maximum number of 6,225,310 Shares if all the Performance Rights vest and are exercised.
- (c) The Performance Rights will be granted within one month of receipt of approval at the AGM or otherwise as the ASX may approve (subject to acceptance by Mr Carroll).
- (d) The Performance Rights will be granted for nil cash consideration.
- (e) A voting exclusion statement is included in this Notice of Meeting.
- (f) No funds will be raised by the grant of the Performance Rights as they are being granted for nil cash consideration.

Requirements of Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after the approval.

The Board considers that the grant of Performance Rights to Mr Carroll is an appropriate and reasonable component of Mr Carroll's remuneration. The financial benefit represented by the grant of the Performance Rights arguably falls within the "reasonable remuneration" exception in section 211 of the Corporations Act, and therefore may not require shareholder approval for the purposes of Chapter 2E of the Corporations Act. Nevertheless, the Board has determined that it would be prudent to seek approval for these purposes.

In accordance with the requirements of Chapter 2E and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of Performance Rights:

- (a) Mr Carroll is a Director and is therefore a related party of the Company to whom a financial benefit is proposed to be given by virtue of section 228(2)(a) of the Corporations Act.
- (b) The nature of the financial benefit to be given to Mr Carroll is the grant of 490,124 Class A Performance Rights, 735,186 Class B Performance Rights and 5,000,000 Class C Performance Rights (representing a maximum of 6,225,310 Shares if all the Performance Rights vest and are exercised) on the terms set out in this Information Memorandum.

The Performance Rights are being granted for no monetary consideration. They are non-transferable and do not carry any rights to vote or to dividends until they vest and are exercised, at which time the Shares issued on exercise will rank pari passu with all other Shares then on issue. The Performance Rights will not be quoted on the ASX. The Performance Rights do not carry any rights to participate in any share issues by the Company, and vesting is dependent on the Company meeting ASX share market based performance hurdles as set out above. As indicated above, the Performance Rights will be granted within one month of receipt of approval at the AGM or otherwise as the ASX may approve (subject to acceptance by Mr Carroll).

- (c) The current Shares and employee performance rights held by Mr Carroll as at the date of the Notice of Meeting are as follows:
 - 2,532,339 Shares; and
 - 4,232,527 employee performance rights (held under the Company's existing Executive Equity Plan).
- (d) If Shareholders approve Resolution 4 and all of Mr Carroll's Performance Rights vest and are exercised by Mr Carroll, then based on the number of issued Shares in the Company as at the date of the Notice of Meeting:
 - Mr Carroll will hold, and have relevant interests in, 12,990,176 Shares (assuming all of Mr Carroll's existing employee performance rights vest and that no additional Shares are acquired by Mr Carroll after the date of the Notice of Meeting); and
 - existing Shareholders' interests in the Company might be diluted by approximately 0.49% as a result of the vesting of the proposed additional Performance Rights.
- (e) The highest and lowest recorded sale price and last recorded closing price of Shares traded on ASX in the 12 months prior to the date of this Notice of Meeting are as follows:

Highest	\$0.36 on 18 February 2013
Lowest	\$0.10 on 20 June 2013
Last recorded	\$0.12 on 30 September 2013

- (f) The value of the proposed new grant of Performance Rights is outlined below. The valuation has been carried out independently by Ernst & Young in accordance with Accounting Standard AASB 2 - Shared Based Payments and is based on an illustrative grant date of 30 September 2013:

Class	Number of Performance Rights	Total illustrative value based on grant date of 30 September 2013
		(\$)
Class A	490,124	22,040
Class B	735,186	6,270
Class C	5,000,000	403,750
Total	6,225,310	432,060

The valuation methodology used was the Binomial Tree method for time-based rights and the Monte Carlo method for the performance based rights.

Valuation Assumptions

The following table summarises the key assumptions adopted for valuation.

	Class A	Class B	Class C
Illustrative grant date	30 September 2013	30 September 2013	30 September 2013
Share price at illustrative grant date	\$0.12	\$0.12	\$0.12
Expected life (years)	1.8	2.8	2.8
Volatility	55%	55%	55%
Risk free interest rate	2.52%	2.71%	2.71%
Dividend yield	3.7%	3.7%	3.7%

Share Price

The Share price is the closing Share price as quoted by Reuters as at the illustrative grant date, being 30 September 2013.

Expected Life

Expected Life is based on the assumption that the Performance Rights will be exercised at the first opportunity as they have the highest value when exercised immediately upon vesting, as the holder is entitled to receive dividends upon exercise.

Volatility

Volatility is representative of the level of uncertainty expected in the movements of the Company's share price over the life of the Performance Rights. The following factors have been assessed in determining the expected volatility in the Company's share price:

- the historic volatility of the market price of the Company's shares; and
- the mean reversion tendency of volatilities.

The expected volatility of each company in a peer group is determined based on the historic volatility of each company's share price. The assumption is based on historical volatility of two years (where available).

Risk Free Interest Rate

The risk free interest rate is the rate of return that would be expected on a riskless investment with a term to maturity equal to the expected life of the Performance Rights. This rate is derived from the implied zero coupon yield from Australian government bonds, expressed as a continually compoundable rate.

Dividend Yield

The dividend yield is the rate of dividend expected on Macmahon shares, expressed as a continually compoundable percentage of the share price. The assumption is based on a review of historical dividends and broker dividend forecasts.

Correlation Matrix

A correlation matrix is a matrix of factors which describe the extent to which share prices move together or independently. The correlation matrix is derived from historical share price data covering a period of four years (where available).

TSR Base Price

The TSR of Macmahon is measured relative to the average price over 60 calendar days prior to the commencement of the performance period. This has been incorporated by allowing for a TSR base price, which is calculated as the 60 calendar day average price as at the commencement of the relevant performance period.

Impact of Dilution

Any potential dilution in the Company's share price which might arise following exercise of the Performance Rights is assumed to be immaterial given the number of existing shares on issue. Accordingly, no adjustment has been made to the fair value of the Performance Rights for potential dilution.

- (g) Other than the information set out in this Information Memorandum, the Company considers that there is no other information known to the Company or any of its Directors that is reasonably required by Shareholders in

order to decide whether or not it is in the interests of the Company to pass Resolution 4. In particular, there are no:

- (i) opportunity costs;
- (ii) taxation consequences (such as liability to fringe benefits tax); or
- (iii) benefits foregone by the Company,

resulting from the Company giving the financial benefit the subject of Resolution 4.

Recommendation: The Directors (other than Mr Carroll) recommend that Shareholders vote *in favour* of Resolution 4 on the basis that the Performance Rights to be granted provide Mr Carroll with an appropriate incentive to contribute to the future success of the Company. Mr Carroll does not make a recommendation in relation to Resolution 4 because he has an interest in the outcome of this Resolution.

CONDITIONAL RESOLUTION 5 – SPILL RESOLUTION

At the 2012 AGM more than 25% of votes were cast against the adoption of the 2012 Remuneration Report. If at the 2013 AGM 25% or more of votes cast are against the adoption of the 2013 Remuneration Report then Shareholders will be required to vote on this Resolution 5 ('spill resolution'). This Resolution considers whether another general meeting of the Company ('spill meeting') should be held at which all of the Company's Directors (other than the Managing Director) must stand for re-election should they wish to continue as Directors.

The Board is already engaged in an orderly process of renewing its Non-executive Directors. Recently, Mr Giles Everist and Mr Jim Walker have joined the Macmahon Board. These Directors are intended to replace Mr Barry Ford and Dr David Smith, who will both resign from the Board prior to the AGM. Further Board changes are expected in the near future once suitably qualified and experienced individuals are identified to replace existing Directors. A spill meeting will disrupt this well planned and carefully considered process.

Spill Meeting

If the spill resolution (which is an ordinary/majority resolution) is passed the Company must hold the spill meeting within 90 days after the spill resolution was passed.

The Directors of the Company (other than the Managing Director) who held their positions when the 2013 Remuneration Report was signed will cease to hold office immediately before the end of the spill meeting. The Directors appointed by the spill meeting will commence to hold office at the end of the spill meeting.

Notwithstanding the results of the spill meeting, the Company may retain three Directors (or two plus the Managing Director), being the minimum number of directors required for a public company under the Corporations Act. If no person receives sufficient votes to be elected as a director by way of ordinary resolution, then the directors that are retained to maintain the statutory minimum will be those candidates for election with the most votes cast in favour of their election at the spill meeting, even if less than half the votes cast on the resolution were in favour of their appointment. If two or more persons have the same percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed director.

Recommendation: The Board recommends that Shareholders vote *against* this Resolution 5 as to vote otherwise would risk destabilising the Company's transition to a mining-only business and disrupt the orderly process of Board renewal already underway.



MACMAHON

ABN: 93 007 634 406

000001 000 MAH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 787 930
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 9:30am (WST) Wednesday, 13 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
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SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Macmahon Holdings Limited hereby appoint



the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Macmahon Holdings Limited to be held at City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth, Western Australia on Friday, 15 November 2013 at 9.30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 5 where the Chairman of the Meeting will be voting against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

As stated in the Notice of Meeting, the Board recommend that you vote FOR Resolutions 1 to 4

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	☐	☐	☐
Resolution 2 Re-election of Charles Roland Giles Everist as a Director	☐	☐	☐
Resolution 3 Re-election of James Allan Walker as a Director	☐	☐	☐
Resolution 4 Grant of Performance Rights to the Managing Director and Chief Executive Officer	☐	☐	☐

As stated in the Notice of Meeting, the Board recommend that you vote AGAINST Resolution 5

Resolution 5 Spill Resolution	☐	☐	☐
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SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

MAH

999999A

Computershare +