15 August 2014

Elizabeth Harris,
Principal Adviser, Listings (Perth)
Australian Securities Exchange
Exchange Plaza, 2 The Esplanade,
Perth WA 6000

Dear Ms Harris,

Changes to the Dividend Reinvestment Plan

Macmahon Holdings Limited ("the Company") (ASX: MAH) advises the Board has approved changes to the Company's Dividend Reinvestment Plan (DRP) Rules.

The changes to the DRP Rules have been made to reflect amendments in the ASX Listing Rules which came into effect in April 2014. The DRP Rules are attached to this announcement.

Shareholders can update their current participation in the DRP directly online at www.computershare.com.au or by contacting Computershare Investor Services Pty Ltd:

Within Australia:	1300 850 505
Outside Australia:	+613 9415 4000
Facsimile:	+613 9473 2500

Yours sincerely

Chris Brown
Company Secretary

Should you not understand the MACMAHON Dividend Reinvestment Plan Rules or have any doubts about how to deal with them, please contact your legal or financial adviser. Specific taxation advice should be obtained if required. MACMAHON takes no responsibility for taxation liabilities of Participants in the Dividend Reinvestment Plan.

MACMAHON

MACMAHON HOLDINGS LIMITED
ACN 007 634 406

DIVIDEND REINVESTMENT PLAN RULES

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DIVIDEND REINVESTMENT PLAN RULES

1. PARTICIPATION IN THE PLAN

1.1 Each Shareholder may apply to participate in the Plan, unless the Directors determine that participation is not available because the making of an offer or invitation to participate in the Plan would require the issue of a prospectus under overseas law or would otherwise contravene any law of Australia or overseas law.

1.2 Participation in the Plan is optional and not transferable.

2. APPLICATION TO PARTICIPATE

2.1 Every Eligible Member who wishes to participate in the Plan must lodge a Notice of Election with the Company.

2.2 All joint holders of Shares must sign a Notice of Election for it to be valid.

2.3 A Notice of Election which is lodged by an Eligible Member will apply to all Shares of that Eligible Member nominated or deemed to be nominated in accordance with clause 3 for all purposes under the Plan.

2.4 Each Notice of Election accepted by the Directors will, subject to the provisions herein regarding variation or termination or participation, be effective in respect of the first and any subsequent dividend payment after receipt of the Notice of Election, provided the Notice of Election is received no later than the first trading day following the record date for that dividend.

3. DEGREE OF PARTICIPATION

3.1 An Eligible Member must specify on the Notice of Election the degree to which the Shareholder wishes to participate in the Plan in respect of his holding. Participation may be:

(a) full participation for all the Participant’s Shares from time to time however acquired (including Shares allotted under the Plan); or

(b) partial participation for a specific number of Shares nominated by the Participant together with the Shares allotted under the Plan and any bonus shares allotted in respect of Plan Shares. However, if at the record date for a dividend, the number of Shares held by the Participant is fewer than the nominated number, then the Plan will apply only to that lesser number for that

Dividend. If at the record date for a dividend, the number of Shares held by the Participant is greater than the nominated number then the participation will be partial for the specific number of Shares nominated and nil for the balance.

3.2 Notices of Election received by the Company which do not indicate the degree of participation in the Plan will, without notice to the applicant, be deemed to be an application for full participation in the Plan for all Shares of the applicant.

3.3 The Company will record for each Participant particulars of:

(a) the name and address of the Participant; and

(b) the number of Plan Shares held by the Participant from time to time, and the Company's records will be conclusive evidence of the matters so recorded.

3.4 The Company must provide a Notice of Election with each dividend notice sent to each Eligible Member.

4. OPERATION OF THE LAW

4.1 The Directors in their complete discretion will determine with respect to the operation of the Plan for any dividend whether to issue new Shares or to cause the transfer of Shares to a participant, or to apply a combination of both options, to satisfy the obligations of the Company under these Terms and Conditions. If the Directors determine to cause the transfer of Shares to Participants, the Shares may be acquired in the market in such manner as the Directors consider appropriate.

4.2 Dividends on Plan Shares will be applied by the Directors on the Participant's behalf in subscribing for Shares. Any Dividend on Plan Shares which the Company is entitled to retain under its Constitution or otherwise will not be available for subscribing for Shares. If withholding tax is payable in respect of a Dividend that tax will be deducted and only the balance will be applied in subscribing for Shares.

4.3 The Directors will establish and maintain a Plan account for each Participant. At the time of each dividend payment the Directors will:

(a) determine the dividend payable in respect of the Plan Shares;

(b) determine (where applicable) the Australian withholding tax deductible by the Company in respect of the Dividend, and any other sum the Company is entitled to retain in respect of the Plan Shares;

(c) credit the amount in (a) above and debit any amount in (b) above to the Participant's Plan account;

(d) determine the maximum whole number of Shares which can be acquired under these Rules by using the amount in the Participant's Plan account;

(e) subscribe for Shares in the name of the Participant and debit the subscription amount against the balance in the Participant's Plan account.

4.4 The number of Shares issued to each Participant will be the whole number equal to, or when not a whole number, the nearest whole number below the number calculated by the formula:

$$\frac{D - T}{M}$$

where:

D is the Dividend payable on the Participant's Plan Shares as at the record date for that Dividend;

T is any withholding tax or other sum the Company is entitled to retain in relation to the Dividend or Plan Shares;

M is the Market Price less any applicable discount which the directors may nominate in their absolute discretion.

The difference between the amount of any dividend credited to a Participant's Plan account under paragraph (a) and (c) of the above procedures and the amount which is debited to that account as a subscription amount for Shares under paragraph (e) of the above procedures shall be foregone by the Participant concerned.

5. SHARES ALLOTTED UNDER THE PLAN / STATEMENT TO PARTICIPANTS

5.1 As soon as practicable after each allotment of Shares under the Plan, the Company will send to each Participant a statement setting out:

(a) the number of the Participant's Plan Shares on the record date for the relevant Dividend;

(b) the Dividend payable in respect of that Participant's Plan Shares which has been applied towards subscribing for additional Shares;

(c) the number of additional Shares allotted to that Participant under the Plan;

(d) the number of Shares (including Plan Shares) in respect of which that Participant is the registered holder after the allotment;

(e) the allotment price for the additional Shares allotted to that Participant under the Plan; and

(f) any applicable franking details in respect of the relevant Dividend.

5.2 All Shares allotted under the Plan will from the date of allotment rank equally in all respects with existing Shares.

5.3 Shares allotted to a Participant under the Plan will be registered.

(a) if the Plan Shares already held by the Participant are registered on one register - on that register; or

(b) if the Plan Shares already held by that Participant are registered on more than one register - on the register designated by that Participant or, in the absence of a designation, on the register selected by the Company.

6. VARIATION OR TERMINATION OF PARTICIPATION

6.1 A Participant may, by lodging with the Company a Notice of Variation, increase or decrease the number of its Plan Shares or terminate participation in the Plan. To be effective for a forthcoming Dividend, the Notice of Variation must be received by the Company no later than the first trading day following the record date for that Dividend.

6.2 If a Participant disposes of all of his Shares without giving the Company a Notice of Variation and is not registered as a holder of any Shares when the Company's share register is next closed for payment of a Dividend, the Participant will be deemed to have terminated participation on the last date when the Company registered a transfer of the Participant's Shares.

6.3 When a Participant disposes of part of the holding of Shares of that Participant, and does not notify the Company otherwise, the Shares disposed of will, to the extent possible, be taken to be:

(a) first, Shares which are not Plan Shares; and

(b) secondly, Plan Shares.

7. LIMIT ON SUBSCRIPTION

7.1 The Directors may at any time by notice in writing to Participants limit the amount of Dividend which may be reinvested in subscription for Shares under the Plan.

7.2 Shares will not be allotted under the Plan if the Company is aware that the issue of those Shares would breach any applicable law, including limits imposed by law or any ASX Listing Rule.

8. IMPLEMENTATION, MODIFICATION, SUSPENSION AND

TERMINATION OF THE PLAN

8.1 The Plan may be implemented, modified, suspended or terminated by the Directors at any time after giving 14 days' notice in writing to all Participants provided that any such notice will be given not less than 21 days before a record date for determining participation in a dividend.

8.2 The non-receipt of any notice by any Participant will not invalidate the modification, suspension or termination of the Plan.

9. ADMINISTRATION OF THE PLAN

This Plan will be administered by the Directors who have the power to:

(a) determine procedures for administration of the Plan consistent with the Rules including for the receipt of notices from Participants;

(b) settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operations of the Plan, whether generally or in relation to any Participants or any Shares and the determination of the Directors is to be conclusive and binding on all Participants and any other persons to whom the determination relates;

(c) delegate to any one or more persons, for such period and on such conditions as they may determine, the administrative functions arising under the Plan; and

(d) seek underwriting of all or part of the Plan from time to time. Any underwriting may result in Shares that are available for allocation under the Plan, but are not taken up by Shareholders, being issued to other persons through the underwriting process. Those persons may or may not be existing Shareholders.

10. PARTICIPANTS TO BE BOUND

Participants are at all times bound by the Rules of the Plan as modified from time to time.

11. COST TO PARTICIPANTS

No brokerage, commission or other transaction costs will be payable by Participants in respect of Shares allotted under the Plan.

12. TAXATION

12.1 The Company and its officers and employees cannot and do not accept any responsibility whatever in relation to any statement in this document relating to taxation matters. Participants will need to seek and rely upon their own financial and taxation advice in relation to the Plan.

12.2 The Company does not assume liability for any taxes or other imposts assessed against or imposed on a Participant.

13. DEFINITIONS

"ASX" means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

"ASX Listing Rules" means the listing rules of ASX, as modified from time to time;

"Company" means Macmahon Holdings Limited ACN 007 634 406;

"Directors" means directors of the Company from time to time;

"Dividend" means a dividend payable to Shareholders;

"Eligible Member" means a Shareholder who is eligible to receive a Dividend;

"Market Price" means the arithmetic average of the daily volume weighted average market price per Share of all Shares traded on ASX during the Price Determination Period (including the opening and closing single price auctions, but excluding off-market trades including, but not limited to, 'special crossings', 'crossings' outside normal trading hours and transactions related to the exercise of any options and any other transactions which the Board considers may not be fairly reflective of genuine supply or demand) rounded down to the nearest whole cent or if no Shares are traded during the Price Determination Period, the last sale price recorded on ASX prior to commencement of the Price Determination Period rounded down to the nearest cent;

"Notice of Election" means a notice of election in the form sent by the Company to Shareholders from time to time;

"Notice of Variation" means a statement in writing lodged by a participant varying the number of Plan shares or its participation in the Plan;

"Participants" means an Eligible Member who elects to participate in the Plan;

"Price" means in respect of the Plan for a particular Dividend, the Market Price less any applicable discount, rounded up or down to the nearest cent;

"Price Determination Period" means in relation to a Dividend the period determined from time to time by the Directors in their absolute discretion;

"Plan" means the Dividend Reinvestment Plan constituted by these rules;

“Plan Shares” means shares which are elected to be subject to the Plan;

“Shareholder” means the holder of a fully paid ordinary share in the Company;

“Shares” means fully paid ordinary shares in the Company.