

Second Supplementary Target's Statement by

Macmahon Holdings Limited

ACN 007 634 406

In response to the offer by CIMIC Group Investments Pty Limited ACN 126 876 953
(CIMIC)
to acquire all of your ordinary shares in Macmahon Holdings Limited ACN 007 634 406
(Macmahon)

1. INTRODUCTION

This document is a supplementary target's statement for the purposes of section 644 of the Corporations Act and is issued by Macmahon (**Second Supplementary Target's Statement**).

This Second Supplementary Target's Statement is issued in response to the offer by CIMIC to acquire all of your ordinary shares in Macmahon made pursuant to its Bidder's Statement dated 24 January 2017 (as supplemented by a First Supplementary Bidder's Statement dated 31 January 2017, a Second Supplementary Bidder's Statement dated 9 February 2017, a Third Supplementary Bidder's Statement dated 17 February 2017, a Fourth Supplementary Bidder's Statement dated 1 March 2017, a Fifth Supplementary Bidder's Statement dated 2 March 2017 and a Sixth Supplementary Bidder's Statement dated 2 March 2017).

This document supplements, and must be read together with, Macmahon's Target's Statement dated 27 February 2017 (**Original Target's Statement**) and Macmahon's First Supplementary Target's Statement dated 1 March 2017 (**First Supplementary Target's Statement**), issued in response to the Offer.

Capitalised terms used in this Second Supplementary Target's Statement have the same meaning given in the Original Target's Statement as amended by the First Supplementary Target's Statement, unless the context otherwise requires. Section 11 of the Original Target's Statement also sets out certain rules of interpretation, which apply equally to this Second Supplementary Target's Statement.

This Second Supplementary Target's Statement prevails over the Original Target's Statement as amended by the First Supplementary Target's Statement, to the extent of any inconsistency.

This Second Supplementary Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain personal financial advice. You should seek independent legal, financial and taxation advice before making a decision as to whether or not to accept CIMIC's Offer.

2. MACMAHON ANNOUNCEMENT

Macmahon has announced on 3 March 2017 a response to certain matters addressed in CIMIC's Fifth and Sixth Supplementary Bidder's Statements, both dated 2 March 2017. That Macmahon announcement comprises part of this Second Supplementary Target's Statement, and is set out in the Annexure below.

Your Directors continue to unanimously recommend that Macmahon Shareholders reject CIMIC's Offer, for the reasons set out in the Original Target's Statement.

3. **ASIC RELIEF**

As permitted by ASIC Class Order 13/521 this Second Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Second Supplementary Target's Statement. Any Macmahon Shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge (within two business days of the request) during the Offer Period by contacting the Shareholder information line on 1300 449 257 (within Australia) or +61 2 8022 7948 (from outside Australia).

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Second Supplementary Target's Statement contains share price trading data sourced from IRESS without its consent.

4. **ASIC AND ASX DISCLAIMER**

A copy of this Second Supplementary Target's Statement was lodged with ASIC and provided to ASX on 3 March 2017. None of ASIC, ASX or any of their respective officers takes any responsibility for its contents.

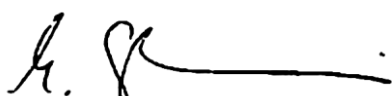
5. **SHAREHOLDER INFORMATION LINE**

If you have any questions about the Offer, the Original Target's Statement, the First Supplementary Target's Statement or this Second Supplementary Target's Statement, please contact the Shareholder Information Line on 1300 449 257 (within Australia) or +61 2 8022 7948 (from outside Australia).

6. **AUTHORISATION**

This Second Supplementary Target's Statement is dated 3 March 2017 and has been approved by a resolution passed by the Directors of Macmahon.

Signed for and on behalf of Macmahon Holdings Limited:



Eva Skira
Non-Executive Director

Annexure

3 March 2017

REJECT THE INADEQUATE AND OPPORTUNISTIC CIMIC OFFER BY TAKING NO ACTION

- **CIMIC has declared that its Offer will not be extended and the Offer price will not be increased^{1,2}**
- **CIMIC has said that it will not increase its Offer price², despite the Independent Expert concluding that its Offer is neither fair nor reasonable³**
- **CIMIC's Offer is at a material discount to the Independent Expert's valuation and Macmahon's current trading price⁴**
- **Macmahon Directors believe that the AMNT Proposed Transaction has the potential to be transformational and to deliver substantial benefits to Macmahon shareholders**

Macmahon Holdings Limited ACN 007 634 406 (**Macmahon**, ASX:MAH) refers to the unconditional takeover Offer by a subsidiary of CIMIC Group Limited (**CIMIC Offer**). Macmahon has been actively seeking opportunities in Indonesia and has formed a relationship with PT Amman Mineral Nusa Tenggara (**AMNT**) over the past year. As announced in Macmahon's First Supplementary Target's Statement on 1 March 2017, Macmahon believes that the Heads of Agreement with AMNT (**AMNT Proposed Transaction, HOA**) has the potential to deliver a number of benefits to Macmahon shareholders.

AMNT Proposed Transaction

- ✓ AMNT Proposed Transaction aimed at increasing the scale, operational diversity, revenue and order book, profitability and growth prospects of Macmahon
- ✓ Key commercial terms have been negotiated in the AMNT HOA
- ✓ AMNT proposing to subscribe for new Macmahon shares at value equivalent to \$0.203 per share, which represents a 40% premium to CIMIC's Offer price
- ✓ Sale assets proposed to be acquired based on independent valuation
- ✓ Proposed mining contract with AMNT will be designed as an alliance style contract with mechanisms to limit downside risk
- ✓ HOA contemplates that parties will work together to pursue further opportunities beyond Batu Hijau
- ✓ Macmahon's shareholders will have the opportunity to vote on the AMNT Proposed Transaction

CIMIC's Offer

- ✗ Inadequate and opportunistic and does not reflect the improved outlook for Macmahon
- ✗ Independent Expert has determined that the CIMIC Offer is neither fair nor reasonable³
- ✗ CIMIC's Offer is at a material discount to the Independent Expert's valuation and Macmahon's share price⁴
- ✗ Despite this, CIMIC has refused to increase its Offer price to bridge this material value gap²
- ✗ CIMIC's opportunistic Offer has no momentum – 75% of recent on-market trading in Macmahon shares has been above CIMIC's Offer price⁵
- ✗ CIMIC has repeatedly criticised Macmahon's performance,⁶ directly contradicting its desire to own Macmahon
- ✗ Accepting the CIMIC Offer will not allow shareholders to participate in the possible significant benefits which the AMNT Proposed Transaction is designed to deliver

¹ If, within the last 7 days of the Offer Period, CIMIC Group Investments Pty Limited's voting power in Macmahon increases to more than 50%, the Offer Period is automatically extended under section 624(2) of the Corporations Act so that it ends 14 days after that event.

² As per CIMIC's Sixth Supplementary Bidder's Statement dated 2 March 2017.

³ Refer to Annexure B in the Macmahon Target's Statement dated 27 February 2017.

⁴ CIMIC's Offer represents a 23.7% discount to the mid-point of the Independent Expert's valuation range contained in the Macmahon Target's Statement dated 27 February 2017 and a 9.4% discount to Macmahon's last closing price on ASX as at 2 March 2017. Trading data sourced from IRESS without consent.

⁵ Since 24 January 2017, being the date that CIMIC first announced its intention to make the Offer for Macmahon. Data sourced from IRESS without consent. Data encompasses all trades from and inclusive of 24 January 2017 to market close on 2 March 2017.

⁶ As provided in CIMIC's Third and Fourth Supplementary Bidder's Statements, respectively dated 17 February and 1 March 2017.

This announcement is intended to be summary in nature and Macmahon shareholders should refer to Macmahon's Target Statement dated 27 February 2017 (for example, the risk factors in section 8.2) and Macmahon's First Supplementary Target's Statement dated 1 March 2017 (the latter of which includes information regarding the AMNT Proposed Transaction) ahead of making any investment decision.

Macmahon shareholders can call the Macmahon Shareholder information line: 1300 449 257 (within Australia) or +61 2 8022 7948 (from outside Australia) with any questions in relation to the Offer from CIMIC or AMNT Proposed Transaction.

ENDS

For further information, please contact:

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DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, Macmahon Holdings Limited's ACN 007 634 406 (**Macmahon**) assumptions, expectations, estimates, objectives, plans and intentions.

Forward looking statements are subject to inherent risks and uncertainties. Although Macmahon believes that the expectations reflected in any forward looking statement included in this announcement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the ASX Listing Rules, Macmahon does not undertake to update or revise these forward looking statements, nor any other statements whether written or oral, that may be made from time to time by or on behalf of Macmahon, whether as a result of new information, future events or otherwise. None of Macmahon (nor any of its officers and employees), or any other person named in this announcement, or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this announcement reflect views held only as at the date of this announcement. This announcement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain financial advice.