

30 November 2016

2016 ANNUAL GENERAL MEETING

Address to Shareholders
Chairman: Mr. Jim Walker

Introduction

Good morning ladies and gentlemen.

Welcome to the 53rd Annual General Meeting of Macmahon Holdings and thank you for joining us. My name is Jim Walker and I am your Chairman.

As it is now past 9.30am and a quorum is present, I declare this meeting open.

I am pleased to advise that notice of this meeting has been provided to shareholders in accordance with the requirements of the Corporations Act and with your permission I propose to take the notice of meeting as read.

To begin, I acknowledge and pay respect to the traditional owners past and present of the land on which we are meeting today.

Board of Directors

Furthermore, I now take this opportunity to introduce your directors. Joining us today are your non-executive directors - Eva Skira, Vyril Vella and Giles Everist.

Also, here today is our newly appointed Chief Executive Officer, Michael Finnegan, our Company Secretary, Greg Gettingby and our Chief Financial Officer, José Martins.

I also welcome members of our Leadership Team who are here today, along with representatives from our auditor, KPMG.

Today, we have three resolutions to consider, however, before we commence the formal part of the meeting, I am going to give a brief overview of the Company's performance and key activities over the past year.

I will then invite our CEO, Mick Finnegan, to update shareholders on our current operations and strategic priorities for the Company.

After Mick's presentation, there will be an opportunity to ask questions.

I will now present my address to shareholders.

Year in Review

Looking back over the past 12 months, 2016 was clearly another challenging year for Macmahon.

Confidence levels across the market remained subdued, resulting in a limited number of greenfield tender opportunities for Macmahon.

As you would expect, competition for these limited opportunities has been extremely fierce, which has an obvious flow-on effect on margins.

In regards to brownfield projects, this time last year we were successful in securing three new contracts.

Two of these were in Australia at Telfer and St Ives and the other was in Indonesia at the Martabe Gold Mine, which we are delivering in joint venture with a local partner.

I will talk more about these contracts shortly, but I'm pleased to report that with the exception of Telfer they have been an outstanding success.

Importantly, the Company's ongoing focus on safety, and our commitment to working closely with our clients to provide a safe and productive workplace, was a critical component in securing this new work.

New Leadership

As you may have read, on the 17th October 2016, we announced that Sybrandt van Dyk would be resigning as CEO and Managing Director.

This was obviously unexpected and disappointing, especially given the level of energy and commitment Sy has given to the business over the past couple of years. We wish him well in his future endeavours.

Fortunately, the Board was able to fill this vacancy with an extremely qualified and experienced internal candidate, Mr. Michael Finnegan. Mick has worked in the contract mining industry for more than 20 years for a number of tier 1 contractors both in Australia and overseas.

Since joining Macmahon, he has been instrumental in driving performance across key projects such as Tropicana, as well as securing new work both here in Australia and in Indonesia.

I will invite Mick up to say a few words shortly, but on behalf of the Board I would like to take this opportunity to formally congratulate him on his appointment, we know he will do exceptionally well in this role.

Furthermore, I am confident that as we continue to resolve the last of our legacy issues, Mick and the broader Macmahon leadership team will be successful in delivering on our stated objectives.

Financial Performance

Moving on to our financial performance.

As we announced in our full year results, the Company recorded a net profit after tax of \$1.7 million for the 2016 financial year. This result reflects:

- performance issues at our Nigerian operations,
- losses incurred at Telfer due primarily to start-up costs, complicated site conditions and additional maintenance rectification costs for client supplied equipment; as well as a
- lack of new work in our underground business following the completion of our development contract at Olympic Dam in September last year.

These issues have been a core priority for the Board and Management Team and we have been working diligently to address them, as I will touch on now.

Nigeria

As we announced earlier in the year the Board made the strategic decision to terminate our remaining contract at Calabar in Nigeria. Accordingly we ceased mining operations on the 28th of October and are now in the process of winding up that operation.

For those who were unaware of the issues in Nigeria, this contract was scheduled to conclude in 2018, but was underperforming due to ongoing low mining volumes linked to the client's production plant and high rental and maintenance costs. Furthermore, since the kidnapping incident we experienced in June the security situation in the Calabar area has been difficult.

As we speak, we are considering options for the disposal of the assets we have in Nigeria which will enable us to determine the final project closure costs. We will account for these in our half year results in February. The full Profit and Loss and Cash Flow impacts will also be communicated once these are known.

Telfer

At Telfer, also as previously reported, the Company has been incurring losses since we commenced on site in February this year.

This has been primarily due to:

- larger than expected start-up costs;
- difficult operating conditions; and
- additional maintenance rectification costs for equipment.

We have been in discussions with the client, Newcrest Mining Limited, regarding options to mitigate these issues. Regardless of this, our operational performance at Telfer is expected to be in an improved position by the end of the financial year, however this will obviously have a negative impact on the full year result for 2017.

Dividend

Given what I have just outlined, the Board has determined that no dividend will be declared for the year ended 30 June 2016. At this time the Company is focused on addressing the issues mentioned earlier, strengthening its balance sheet and conserving cash for potential new projects.

Outlook

Looking ahead, we expect market conditions to remain challenging, however we are starting to see some green shoots – particularly on the east coast of Australia and overseas. We are also seeing some interesting movement in the used equipment and labour hire markets which is usually a sign that things are on the up-turn.

In relation to Macmahon in particular, over the near term we expect our profitability to be impacted by the issues mentioned above in Nigeria and at Telfer.

However, on a positive note, volumes at Tropicana have expanded and there is the potential that this project could increase substantially in the future. Furthermore, there is continued upside opportunity from the disposal of surplus assets and inventory currently sitting on our balance sheet.

Our strategy during this period is to remain focused on our existing projects and ensure that we deliver on our contractual obligations in a safe and efficient manner.

Revenue for FY17 is expected to be in the range of \$350 - \$370 million with more than \$320 million already contracted. Importantly, our current order book runs for another 5 years and as such, we are well positioned financially, to see this downturn through to more buoyant times.

Whilst successfully delivering our existing projects is paramount, securing new work is still a priority, however we are being disciplined in regards to the margins we are willing to accept when tendering new work.

Pleasingly, the Company is currently tendering a number of tenders, both in Australia and overseas, and I will pass to Mick to tell you more about these in a minute.

Closing Remarks

In closing, on behalf of the Board I would like to thank our employees for their dedication and hard work during what has been a challenging and transformative period for the Company. Our people are critical to our success and I thank them for their efforts.

I also acknowledge our clients, subcontractors and suppliers who continue to be an essential part of our business. We value the strong relationships we have with our clients and we look forward to supporting their goals and aspirations as we grow the Company.

To my fellow Directors, thank you for your continued support and efforts throughout the year.

Finally and most importantly, I would like to acknowledge our shareholders. We appreciate your patience and support and we look forward to delivering improved returns in the years ahead.

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Thank you.

I will now invite our Chief Executive Officer, Michael Finnegan to the lectern, to provide an update on some of our current operations and what lies ahead for the business.

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For further information, please contact:

Christian Sealey General Manager – Investor Relations & Communications +61 497 828 300

About Macmahon

Macmahon is an international contracting company offering the complete package of mining services to clients in Australasia and Africa.

Listed on the ASX and headquartered in Perth, the Company has extensive knowledge and experience in Surface and Underground Mining, Engineering and Fabrication, Construction and associated contracting services.

With an international footprint, 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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2016 ANNUAL GENERAL MEETING

Address to Shareholders

Chief Executive Officer: Mr. Michael Finnegan

1. Opening

Thank you Jim.

Good morning ladies and gentlemen and thank you for joining us today for our 2016 Annual General Meeting.

I am very pleased to be here today as your Chief Executive Officer. As you have just heard from our Chairman, 2016 has been a challenging year for Macmahon, as indeed it has been for many of our peers.

However, I believe things are starting to improve, and by building on the hard work carried out by Jim, Sy and others over the past couple of years, I plan to re-establish Macmahon as a leading mining contractor.

To that end, since stepping in as CEO, I have moved quickly - with the support of the new Executive Team - to sharpen our competitive position.

Firstly, we have adjusted our group overhead structure to better align our cost base with our current level of revenue. Moving forward I expect that our overheads, as a percentage, will continue to fall as we convert some of the more mature opportunities we are currently working on.

Secondly, as part of the group overhead review, we have redirected much of our resource, focus and energy in our overhead, to ensure a more 'project aware' and responsive culture. Projects are clearly the engine room of our business, and we need to ensure that everyone is working closely together and that every project performs at or above expectations.

Thirdly, we have also made some strategic personnel changes in order to bolster our project delivery capability. These new hires are extremely talented, experienced mining professionals with long and successful track records.

I am determined to build a culture of success and high energy, where our people love coming to work, and our clients love working with us.

To achieve this we must ensure that we deliver on our promise, and we still have work to do on this front. Importantly, with the exception of Nigeria and Telfer, our project portfolio has been performing exceptionally well and demonstrates the consistent delivery we will build the business on.

I would now like to take a moment to touch on some of our key projects.

2. Operational Performance

Our flagship operation, Tropicana, is performing well. This year the Mining Alliance Team introduced a number of new improvement initiatives which have resulted in the achievement of industry best productivity and efficiency benchmarks. This has culminated in record production levels and by way of example, we have broken monthly movement records in three of the last four months.

There are further opportunities to improve performance and the Alliance Team have not lost sight of these. This team is a focused group that is committed to continued improvement on site. A catalyst to their success is the unique relationship between AngloGoldAshanti and Macmahon on and off site. It remains strong and is highly valued by Macmahon.

At St Ives, where we have been operating since November last year – we are performing well. That project has a unique structure and also builds upon the open relationship with our client, Goldfields. Following award of the original 6 month contract, we were subsequently awarded an extension for a further 24 months. This award highlighted our ongoing performance and strong relationship on site.

At Telfer, we are currently focusing on a number of areas including:

- fleet rectification works which will largely be completed in the third quarter and will provide us with a reliable fleet;
- successfully completing the initial complex mining areas by the end of the third quarter FY17
- upgrading key personnel and improving staff retention rates; and
- continuing discussions with our client, Newcrest.

Finally, in regards to our surface operations in Australia, we are also continuing to fulfil our 3-year contract with Rio Tinto to manage its tailings dam operations at the Argyle Diamond Mine in Western Australia and that team is performing consistently well and in line with expectations.

Looking internationally, our operation at the Martabe gold mine in Indonesia has performed well since start up. The contract is being delivered by Macmahon in a 50:50 joint venture with a leading Indonesian contractor.

Since its start in January this year, this project has delivered on all production targets and forecasts. Improvement projects have already been implemented and the relationship with the client and the community has continued to strengthen which is vital in this important growth market. This is a testament to everyone involved and the entire site team.

Separately, we are continuing to provide a range of mining services for LafargeHolcim at operations in Malaysia and Indonesia and these operations have all performed as expected.

Moving now to our underground projects.

Our mining services business continues to perform well and is currently providing a range of services to a number of projects across Australia. These contracts are often short term in duration

and include drilling, shotcreting, raise drilling, shaft sinking and engineering design, just to touch on a few.

Our unique and reputable raise drilling team are providing services at the Olympic Dam Mine in South Australia where we have been active for more than 10 years amongst other contracts. We are seeing interest in this capability notably increasing in recent months.

Separately, we are also undertaking cablebolting activities at Cadia in New South Wales and are continuing to provide care and maintenance services at the Ranger Mine in the Northern Territory.

Whilst our underground mining services business is going well, we have found it challenging to secure new underground development work. This remains a core priority for the business as we move forward.

3. Strategic Priorities

Turning to our strategic priorities, the opportunity that lies before us is to capitalise on our broad expertise, our world class facilities, our diverse geographic base, our demonstrated relationship approach and our robust balance sheet.

This coupled with the resolution of remaining issues we have touched on and our positive 'can do' attitude positions us well to make the most of the current market position. Importantly there will be urgency in our approach to secure new work but not desperation given the sustainability of our order book and current work levels.

The new work focus is, and will be on, a diverse spread of commodities, clients, and geographies, with clients who appreciate what we bring and have alignment on what the return should be when we perform.

I am buoyed by what I have taken on and what I can see both internally and externally. I am certain we can be successful with the current approach and a real 'contracting mentality'.

In summary this means:

- resolving the current remaining issues mentioned here today – which are all in progress;
- aligning our overheads with our revenue and running the business with an uncompromising 'operations' focus; and
- focusing our efforts on new opportunities where we have a competitive advantage.

4. New Work

Specifically on that last point, our tender pipeline currently contains more than \$2 billion of opportunities with a higher level of maturity than I have witnessed in contracting for some time.

In Western Australia we have been shortlisted on a number of opportunities with new clients. We are also participating in early stage works with several projects where we have strong existing relationships in place.

On the east coast of Australia, we are looking at coal projects that require mining, civil and rehabilitation work – all of which is in scope for Macmahon. Additionally, we are working on a number of other mining opportunities that could progress quickly.

Internationally, our strong track record and strategic relationships in South East Asia have us in a good position. We are currently in well-progressed discussions with a number of potential clients where we are working through the best way to partner with them. We are being selective with what work we tender for, however I am confident that we will be successful in securing some additional work in this region in the not too distant future.

Finally, as I mentioned before, underground opportunities and interest is increasing on the back of changing market dynamics, increased brand awareness and consistent project performance.

5. Closing remarks

So to close, I am optimistic about our future. There is without a doubt some promising opportunities starting to emerge and I believe we are well placed to offer something different in most cases.

While positive on the outlook, I am not blind to the challenges still facing Macmahon and the sector more broadly, however I am confident that we will work through these and emerge as a stronger, more sustainable and profitable organisation.

I will now hand back to Jim who will continue with the items outlined in the

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