

4 November 2015

2015 ANNUAL GENERAL MEETING

Chairman's Address

Chairman: Jim Walker

2015 was certainly a challenging year for everyone operating in the resources sector, and in mining services in particular. As market conditions continued to deteriorate mining companies responded in a number of ways, including:

- taking operations in house,
- rationalising their cost structures, and
- reducing activity levels.

This resulted in a sharp reduction in work for Macmahon during the year and a subsequent downward shift in revenue as major contracts including Christmas Creek, Eaglefield, Tavan Tolgoi and Waihi concluded. Further our Olympic Dam development contract concluded in October 2015.

As a result, the Board made the decision to significantly restructure the business to better meet the challenges before us.

I'm pleased to report that during the year we made solid progress on the objectives we set ourselves – being to streamline our business model, reduce operating costs, strengthen our balance sheet, and improve project delivery.

Importantly, we also spent a lot of time carefully selecting and establishing a new leadership team.

As you may know, in January this year, I assumed the role of Executive Chairman following the resignation of our previous Chief Executive Officer, Ross Carroll. On behalf of the Board, I wish to take this opportunity to thank Ross for his hard work and dedication during what had been a very challenging period for the Company. We wish him the best in his future endeavours.

In July 2015, following an extensive external search process managed by a Tier 1 headhunting firm, the Board appointed Sybrandt van Dyk to the role of Chief Executive Officer. Sybrandt has been with Macmahon since April 2014, when he was appointed as Chief Financial Officer.

Prior to joining the Company, Sybrandt was at the WesTrac Group where he held a number of senior operational roles, including Chief Operating Officer (WA), Chief Financial Officer (Group) and General Manager – Mining (WA/NSW).

Since joining Macmahon, Sybrandt has been instrumental in reshaping the Company into the leaner, more dynamic and resilient business that we are today, and the Board and I are thrilled to have him in the CEO role.

Filling the vacancy created by Sy's appointment will be José Martins who is joining us from Ausdrill where he also held the role of CFO. He will commence in the role next month.

José has an intimate understanding of challenges facing the resources industry, having worked in the sector for many years, and is very experienced in managing the financial complexities that often arise within mining services companies.

On behalf of the Board I would like to congratulate Sy and José on their appointments. I am confident that with our new streamlined operating model and a much lower operational cost base in place, this team will be successful in delivering on their objectives.

Moving on to our financial performance.

I am disappointed to report that the Company recorded a net loss after tax of \$217.9 million for the 2015 financial year.

This loss directly relates to the ongoing challenging market conditions impacting the sector which resulted in the Company incurring significant restructuring costs and needing to impair a significant amount of idle equipment and excess inventory.

Excluding these one-off items, the Company's underlying profit after tax was \$10 million. Positively, our strong cash position at year end enabled us to repay our syndicated banking facilities in full in July. Given this result, the Board has determined that no dividend will be declared for the year ending 30 June 2015.

Which brings me to capital management.

The Board is firmly committed to returning value to shareholders and as such, in October we announced the commencement of an on-market share buy-back of up to 10% of Macmahon's fully paid ordinary shares over the next twelve months.

We believe the current share price does not reflect the fair value of the Company, particularly in light of the Company's current cash reserves.

Therefore we consider a share buy-back to be a sound use of available capital and we trust this is welcome news for shareholders.

Looking at our capital allocation more broadly, we will continue to be conservative with our cash in order to ensure that we have sufficient resources available when we win new work.

Looking ahead, we expect market conditions to remain challenging. However, there has been an increase in the number of contracting opportunities coming to market as mining companies continue to seek additional ways to reduce their cost base.

On that note, and Sy will talk more about this shortly, we are currently tendering more than \$2 billion of new work, both in Australia and overseas. This work is spread across a range of commodities including gold, copper, nickel, iron ore, coal and phosphate.

With Macmahon's improved balance sheet position, our strategy for the forthcoming period is to return the Company to profitability and to target growth by:

- maintaining a low cost base;
- improving operational performance; and
- pursuing targeted, capital light, growth opportunities.

To close, on behalf of the Board I would like to thank our employees for their dedication and hard work during what has been an incredibly challenging period for the Company.

Our people are critical to our success and I thank them for their efforts.

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

Finally, I would also like to acknowledge and thank our shareholders and our suppliers for their ongoing support during the year. 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.

I now invite our Chief Executive Officer, Sy van Dyk, to provide an update on the Company's operations before I return to discuss the items outlined in the Notice of Meeting.

Thank you.

2015 ANNUAL GENERAL MEETING

Chief Executive Officer's Address

Chief Executive Officer: Sy van Dyk

Thank you Chairman.

Good morning ladies and gentlemen and thank you for joining us today for our 2015 Annual General Meeting. I am honoured to address you for the first time as CEO.

As you have heard from our Chairman, 2015 has certainly been a challenging year for the business, however, having made the tough decisions to right size the Company, we believe that we have now turned a corner.

We have worked hard over the past 12 months to reshape and reinvigorate the business and position ourselves to be more competitive and more responsive to our customers' needs. While the market is still quite volatile, we believe we are now well placed – both from a cost perspective but more importantly from a capability standpoint – to secure new work.

Indeed, we are starting to see some green shoots in the tendering space, which I will touch on shortly. As Jim mentioned, a key focus for the new management team and the Board has been delivering value to our shareholders, and I first want to spend a minute talking through our investment proposition.

Firstly with the sale of our Mongolian subsidiary now complete, we are now in a strong financial position. Whilst we did not recover our full investment made in Mongolia we converted our stranded mobile assets and receivable into cash with the sale of the business. The net proceeds on the sale were ~US\$62M, which facilitated us retiring our syndicated loan facilities.

Unlike many of our peers, we have a healthy balance sheet, with a positive cash balance (in the order of \$55M) with no net debt, and we are being very careful with the deployment of these funds, to the benefit of our shareholders.

As Jim mentioned, the Company has recently announced a share buyback, in recognition of the complete disconnect between the Company's net asset value and its current share price.

With our restructure complete, we are as a Company, better placed than many in our sector to seize emerging opportunities as they arise, recognising that the broader sector will inevitably recover from its current slump.

Whilst the current period of adjustment has been challenging, we have right sized our business, and encouragingly, we are now seeing the first signs of "new growth". We remain focused on rigorously assessing opportunities in this new environment, from a position of strength, and we are currently tendering more than \$2 billion of new opportunities.

Turning now to our current operations, I am pleased to report that our operational performance across most of our projects steadily improved over the year – particularly at Tropicana - which is our largest surface operation. We are continuing to make significant gains on this project and we are on

track to achieve further improvements as we move forward into the new year. The only exception is our Nigerian operations which are still not performing to our internal benchmarks.

From a financial perspective, our performance across the board during the last financial year has been unsatisfactory. The early termination of the Christmas Creek project in February this year was obviously very disappointing and separately we have also seen a reduction in other work as a number of mine owners have taken their operations in house.

Importantly, despite the changes in our business, our commitment to improving our safety performance has not wavered. We will continue to invest in improving our safety performance, as this can be a differentiator.

Finally, as you can see on the slide, our employee numbers decreased over the year which reflects our lower volumes of work. I would like to acknowledge and thank all staff who departed for their contribution.

This brings me to our tendering activity.

On the work-winning front, whilst new work has not been easy to secure, I'm pleased to report that during the year the Company was awarded a number of new contracts.

In particular, we were awarded a 3 year contract extension by Rio Tinto to continue our operations at their Argyle Mine in WA.

In our underground business, we were successful in securing a number of raise drilling contacts at Olympic Dam where we've been providing underground services to BHP Billiton for more than 10 years.

We were also successful in securing a number of short-term underground mining services contracts for a range of clients across Australia.

Internationally, we were awarded a 5 year contract extension at the Lafarge Kanthan Quarry in Malaysia. This contract award highlights our continued performance at this site and provides us with a strong base from which we can continue to grow our presence in the region.

In terms of new work, we are in advanced discussions with several potential new clients.

Turning to our strategy to win, our priorities are very clear, and I've touched on some of these already throughout the presentation.

Firstly – we are committed to achieving sustainable profits and returning value to our shareholders. We will do this by securing new work and delivering it safely and profitably.

Secondly - we need to ensure that we are operating efficiently and productively across all our operations in order to maximise the value proposition for our customers whilst also protecting our margins.

Finally - we are committed to expanding our international operations – but in a disciplined and measured way. This means working to our strengths and building on our existing operations and infrastructure.

In regards to the outlook, as mentioned, we expect market conditions to remain tough over the coming year.

Ongoing commodity price volatility will continue to put pressure on miners to improve productivity across their operations. Accordingly investment from major mining companies is expected to remain subdued over the near term.

On a positive note, we believe this could result in a number of new opportunities for contractors to support and service mining companies. In this regard, we believe we are well placed to meet the needs of our customers.

Internationally, the outlook for Macmahon's Mining Business remains positive. Growth remains a feature for much of Asia and Africa, and the Company's strategy is to build on its existing footprint in these markets.

Finally, in regards to revenue for FY16, we expect the range to fall somewhere between \$280 and \$350 million, with a large portion of this already secured.

In closing, I wish to thank our shareholders for their support during this challenging period.

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For further information, please contact:

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About Macmahon

Macmahon is a leading Australian company providing the complete package of mining services to clients throughout Australia and in New Zealand, South East Asia and Africa.

An ASX listed company, Macmahon's diverse and comprehensive capabilities provide an end to end service offering to its mining and engineering clients.

Macmahon's extensive experience in both surface and underground mining has established the Company as the contractor of choice for resources projects across a range of locations and commodity sectors.

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.