

Macmahon Board Charter

Introduction

The Board of Macmahon Holdings Limited (“Macmahon”) recognises its ultimate responsibility to its shareholders for the strategy and performance of Macmahon in general. The Board of Macmahon (“Board”) is dedicated to fulfilling these duties in a lawful and professional manner and in accordance with Macmahon’s Statement of Values and “best practice” governance processes.

This Board Charter outlines the role and responsibilities of the Board and of senior management and remains a living document which will be regularly reviewed and updated to reflect changes in the commercial, legal and social environment, together with any amendments and developments in Board policies and procedures.

The Company Secretary will ensure that the Board Charter is kept current in accordance with the Board’s decisions.

The role of the Board

The Board has the responsibility to plan and govern the business and affairs of Macmahon for the benefit of its shareholders and to act in the best interests of Macmahon as a whole.

One of the main tasks of the Board is to drive the performance of Macmahon and ensure compliance with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. Another main task of the Board is ensure that Macmahon’s business is carried out in accordance with Macmahon’s Statement of Values.

Without limiting the foregoing, the Board is responsible for:

- Demonstrating leadership including by guiding the development of an appropriate culture and values, and establishing and approving a Statement of Values and Code of Conduct to underpin the desired culture and values of Macmahon;
- Charging senior management with the responsibility of inculcating the values espoused in the Statement of Values across the organisation;
- Establishing a corporate governance framework and monitoring its effectiveness, reviewing and reporting on Macmahon’s Corporate Governance compliance with the best practice recommendations of the ASX Corporate Governance Council, and compliance obligations under ASX Listing Rule 4.10.3;
- Defining Macmahon’s purpose and setting its strategic objectives, including by reviewing and approving corporate strategies, budgets, annual financial business plans and certain Group policies regularly;
- Overseeing management in its implementation of Macmahon’s strategic objectives, instilling of Macmahon’s values and performance generally and ensuring that goals are in place;
- Overseeing the integrity of Macmahon’s accounting and corporate reporting systems, including by approving the annual and half year financial reports, the financial content of

reports and any other information for disclosure to the market that contains financial projections or statements as to future financial performance;

- Authorising acquisition, establishment, disposal or cessation of any significant business of Macmahon;
- Approving borrowing, other than in the ordinary course of business, and the granting of security over, or interests in, the undertaking of Macmahon or any of its assets;
- Ensuring that senior executives continuously reference and reinforce Macmahon's values when interacting with staff;
- Ensuring that all employees receive appropriate training on Macmahon's Statement of Values;
- Authorising expenditure, and, in particular, expenditure in excess of the discretionary limits, delegated at any time to the Chief Executive Officer;
- Overseeing Macmahon's process for making timely and balanced disclosure of all material information concerning Macmahon that a reasonable person would expect to have a material effect on the price or value of Macmahon's securities;
- Ensuring robust and effective risk management (for both financial and non-financial risks), compliance and control systems (including legal compliance) are in place and operating effectively and setting the risk appetite within which the Board expects management to operate;
- Ensuring appropriate human resource systems (including occupational, health & Safety systems) are in place to ensure the safety, well-being and effective contribution of all employees;
- Reviewing the progress and performance of Macmahon in meeting the Board's corporate objectives;
- Appointing additional Directors who would come before shareholders for election at the next Annual General Meeting;
- Establishing, appointing the membership of and determining the powers of each Board sub-Committee and to accept, modify or reject any Committee's recommendations;
- Undertaking a review of the Chief Executive Officer's performance, at least annually, including setting with the Chief Executive Officer goals for the coming year and reviewing progress in achieving those goals;
- Approving the levels of remuneration and conditions of service including any financial incentives of executives reporting directly to the Chief Executive Officer;
- Satisfying itself that Macmahon's remuneration policies are aligned with Macmahon's purpose, values, strategic objectives and risk appetite;
- Satisfying itself that an appropriate framework exists for relevant information to be reported by senior management to the Board;
- Appointing and removing the Chief Executive Officer and Company Secretary and to determine their remuneration and conditions of service, including any financial incentives;
- Overseeing the performance of senior management, ensuring there is executive succession planning and approving significant changes to organisational structure and, whose appropriate, challenging management and holding it to account;
- Delegating appropriate powers to the Chief Executive Officer, management and committees (as detailed below) to ensure the effective day-to-day management of the business, monitoring the exercise of these powers and making all decisions outside the scope of these delegated powers and any changes to the discretions from time to time;
- Ensuring corporate accountability to shareholders through a high level of transparency in reporting and encouraging effective shareholder participation at general meetings through the Chairman;

- Reviewing the independent audit process;
- Recommending to shareholders the appointment/removal of external auditors;
- Approving a dividend policy and declaring dividends;
- Authorising the issue of any shares, options, equity instruments or other securities;
- Establishing Macmahon's anti-bribery and corruption policy (which will form part of the Code of Conduct);
- Establishing the board Conflict of Interest Policy;
- Establishing Macmahon's Diversity Policy and setting measurable objectives; and
- Approving any subsidiary board charters.

Board structure

The Board will determine the number of Directors required from time to time. Where possible independent Non-executive Directors will comprise the majority of Directors, and the Chair of the Board shall be an independent Non-executive Director.

All directors should bring skills and experience that add value to Macmahon. The Remuneration & Nomination Committee, and ultimately the Board, will regularly review the balance of skills and experience of the Board.

Independence

The Board has adopted the definition of independence set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition).

Administrative matters

The Board normally has nine scheduled full meetings each year. Other meetings are held on short notice when particular issues arise which require discussions and decisions by the Board. The quorum for Board meetings is at least two Board members and all Board members are given the same reasonable notice to attend all meetings (subject to conflict of interest issues).

Nomination matters

The Board is ultimately responsible for all nomination related matters including the following:

- Developing and regularly reviewing a policy on Board structure;
- Developing criteria for Board membership;
- Identifying and screening specific candidates for nomination;
- Appointing the Chairman;
- Ensuring there is an appropriate induction and orientation program in place; and
- Ensuring there is an appropriate board succession plan in place.

The Board is assisted in these responsibilities by its Remuneration and Nomination Committee.

Role of senior management

The role of senior management is to be responsible for Macmahon's performance in accordance with the approved strategic direction. Senior management is also responsible for instilling and re-enforcing Macmahon's values, while operating within Macmahon's values, Code of Conduct, budget and the risk appetite set by the Board. In particular, the Chief Executive Officer is responsible for the day-to-day activities of Macmahon in advancing the strategic direction.

Responsibilities of senior management

The Chief Executive Officer manages a team of executives responsible for all functions contributing to the success of Macmahon.

The Chief Executive Officer's specific responsibilities include:

- Developing, in conjunction with the Board, Macmahon's vision, values and goals;
- Responsibility for the achievement of corporate goals and objectives, including safety and environmental targets;
- The Chief Executive Officer manages a team of executives responsible for all functions contributing to the success of Macmahon;
- Developing the short, medium and long term corporate strategies and planning to achieve Macmahon's vision and overall business objectives;
- Preparing business plans and reports with the senior management;
- Developing with the Board the Macmahon's ongoing corporate strategy, implementing and monitoring that strategy and reporting/presenting to the Board on current and future initiatives;
- Advising the Board regarding the most effective organisational structure and overseeing its implementation;
- Assessing business opportunities of potential benefit to Macmahon;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporate strategy and justification on economic grounds;
- Sustaining competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Undertaking the role of key company spokesperson;
- Recommending policies to the Board in relation to a range of organisational issues including delegations of authority and performance incentives;
- Ensuring statutory, legal and regulatory compliance and compliance with corporate policies and standards, as well as Macmahon's Statement of Values and Code of Conduct;
- Inculcating the values espoused in the Statement of Values across the organisation;
- Responsibility for Macmahon's performance;
- Providing leadership;
- Ensuring succession planning; and
- Ensuring that appropriate procedures are in place to identify and manage conflict of interests of senior management.

Senior management is responsible for supporting and assisting the Chief Executive officer to run the general operations and finances of Macmahon, in accordance with the delegated authority of the Board.

Senior management is also responsible for:

- reporting all matters which fall outside the scope of delegated powers at first instance to the Chief Executive officer or, if the matter concerns the Chief Executive officer, then directly to the Chairman; and
- providing the Board with accurate, timely and clear information on Macmahon's operations.

Role of the Chairman

The Chairman is responsible for leadership of the Board, for ensuring the Board operates effectively, and for the briefing of all Directors in relation to issues arising at Board meetings. The Chairman is also responsible for:

- communicating the view of the Board to shareholders;
- prompting constructive and respectful relations between directors and between the Board and senior management;
- approving Board agendas and ensuring adequate time is available for discussion of all agenda items, including strategic issues; and
- ensuring that all substantive resolutions put to members at a meeting of members is decided by poll.

Directors' authorities and delegations

The Board is responsible for any delegations of its responsibilities with regard to corporate operations and regularly reviewing any such delegations to ensure that they remain appropriate. As such, it decides what company matters are delegated to either specific Directors or management. In addition, it outlines what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Non-executive Directors have no individual authority to participate in the day-to-day management of Macmahon including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board, through resolution, explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

Similarly, Board sub-Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Charters.

Authority Matrix and matters reserved for the Board

Approved delegations and authorities are formalised in Macmahon's Authority Matrix which applies to the Board, management and staff, and covers all mining and corporate aspects of Macmahon's operations. To ensure clarity for Board members, matters reserved for the Board are consolidated into a separately available document and is based directly on content derived from the abovementioned Authority Matrix.

General delegations

A summary list of delegations and authorities is provided to all operating units and company locations via Macmahon's business system.

In general, the Board delegates those powers and authorities required to effectively and efficiently carry out Macmahon's business.

Directors' access to independent advices

Directors may, in carrying out their duties and responsibilities to Macmahon, seek external professional advice. If external professional advice is sought, a Director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by the Chair of the Audit and Risk Committee. Approval will generally be given where Directors judge such advice necessary for them to discharge their duties and responsibilities as Directors.