

15 May 2015

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

McAleese enters revised haulage agreements and commits to Atlas equity subscription

McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) announces that it has entered agreements with key customer Atlas Iron (ASX: AGO) (Atlas) for ongoing haulage services from its Abydos and Wodgina mines (the **Revised Haulage Agreements**). The Company also confirms that it has made a \$14 million commitment to Atlas' Share Issue (the **Share Issue** or **Capital Structure Proposal**) as disclosed in Atlas' ASX announcement dated 15 May 2015.

As anticipated in McAleese Group's announcement released on 4 May 2015, the Revised Haulage Agreements provide Atlas with improved cost competitiveness through a lower base haulage rate and McAleese Group with upside profit share linked to the Australian dollar iron ore price. Participation in the Share Issue will allow the Company to share in the ongoing success of a highly cost competitive and recapitalised Atlas.

Other key contractors to Atlas have entered into similar agreements.

McAleese Group continues to hold discussions with Atlas and its other key contractors about the potential recommencement of the Mt Webber mine.

Subscription by McAleese Group under the Share Issue is conditional on satisfaction of certain contractual obligations owed by Atlas to the Company, lodgement of the Atlas Prospectus with ASIC, Atlas Shareholder approval and confirmation that ASX intends to lift the suspension of trading in Atlas shares.

McAleese Group confirms that FY2015 Trading EBITDA is still expected to approximate \$70 million.

Should the offer proceed as per Atlas' announced timetable, McAleese Group's net debt at 30 June 2015 is expected to be \$174 - \$179 million, up \$14 million on previous guidance and reflective of McAleese Group's commitment to the Share Issue.

The Company confirms that it is compliant with all financial undertakings under its Syndicated Facility Agreement and expects to be compliant at 30 June 2015.

Ends

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