

29 July 2015

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

By electronic lodgement

Atlas subscription, update on carrying values and FY15 result

Atlas equity subscription

McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) confirms that following the recent capital raising by Atlas Iron Limited (ASX: AGO) (**Atlas**) it holds 280 million ordinary shares in Atlas, representing 10.51% of the shares on issue.

The Company also holds 280 million listed options over ordinary shares in Atlas. The options have a strike price of 7.5 cents per share and expire on 30 June 2017.

McAleese Group's investment in Atlas arises as a result of previously announced arrangements that have improved Atlas' cost competitiveness while providing the Company with upside profit share linked to the Australian dollar iron ore price.

The Company has lodged a Notice of Initial Substantial Holder with Atlas.

Divisional carrying values

As announced on 4 May 2015, McAleese Group expects to recognise non-cash impairment charges against the carrying value of assets in its FY2015 results. As the Company has progressed the finalisation of its financial statements for FY2015, the potential impairment charges have been considered.

Property, plant and equipment within the Heavy Haulage & Lifting division is expected to be impaired by approximately \$60-70 million, reflecting the continued decline of activity levels in the resources infrastructure sector, market over-capacity and a weak pipeline of new projects.

Reduced freight volumes continue to impact on the Specialised Transport division. In light of these challenging conditions, goodwill is expected to be impaired by ~\$4 million.

The Company's revised arrangements with Atlas make assessment of the carrying value of the Bulk Haulage division sensitive to the Australian dollar iron ore price. At recent iron ore prices and exchange rates, an impairment of approximately \$50-70 million to a combination of goodwill, intangibles (together ~\$49 million) and property, plant and equipment is expected.

McAleese Group will continue to monitor all relevant variables and reflect a final position on asset impairments in its FY2015 results.

FY2015 Result

McAleese confirms that trading EBITDA for FY2015 and 30 June 2015 net debt are in line with previous guidance.

The Company continues to monitor receipts from debtors in light of industry conditions in the major project market, and in particular, a significant debtor to the Heavy Haulage & Lifting Division.

While the amount outstanding is not the subject of any dispute, the debtor has not been able to pay McAleese Group as a result of slow payments by one of the debtor's key customers. This may have a negative impact on the Company's FY2015 earnings. The Company continues to seek information to determine what, if any, provision against the debt should be reflected in the FY2015 results.

If a material provision is required then it may impact on the Financial Undertakings in the Company's Syndicated Facility Agreement at 30 June 2015. McAleese Group has commenced discussions with its financiers regarding its debt facilities with the aim of providing a stable base to improve the Company's balance sheet, operations and long term growth prospects.

ENDS

McAleese Group Communications & Investor Relations

+61 47702 0337

investors@mcaleesegroup.com.au

www.mcaleesegroup.com.au