

29 February 2016

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

By electronic lodgement

Update on Strategic Process and 1H 2016 Financial Report

McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) refers to its previous announcements regarding the Strategic Process being conducted with the assistance of Moelis & Company.

Update on Strategic Process

The Strategic Process is continuing. The Company is in discussions with its lenders in relation to a number of alternative recapitalisation proposals, including with external providers of new capital which would involve those parties acquiring the Company's existing debt and the potential issuance of new equity. Discussions in relation to these proposals remain confidential and incomplete. Further consideration and negotiation is required before the Company will be in a position to provide further detail to the market.

McAleese Group notes that it has the continued support of its lenders while the Strategic Process continues.

While the proposals would result in a material reduction in the Company's debt, none of the proposals are expected to have an effect on McAleese Group's trade creditors or the provision of services to customers.

The Company is not able to provide a definitive timeframe for finalisation of the Strategic Process, although it expects to provide a further update to the market on progress towards an outcome by Monday, 7 March 2016.

1H 2016 Financial Report

Given the importance of the Strategic Process to the financial structure and prospects of the McAleese Group, the Directors have decided to defer finalisation of the Company's financial statements for the six months ended 31 December 2015. It is expected that the 1H 2016 Financial Report will be finalised and released to ASX when there is greater certainty about the outcome of the Strategic Process.

Suspension from trading

ASX has agreed to suspend the trading of the Company's shares until the commencement of trading on Monday, 7 March 2016.

ENDS

McAleese Group Communications & Investor Relations

+61 400 677 650

investors@mcaleesegroup.com.au

www.mcaleesegroup.com.au