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

By electronic lodgement

Update on Strategic Process and Voluntary Suspension

As announced to ASX on 27 August 2015, McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) has been conducting a Strategic Process to recapitalise the Company with the assistance of Moelis & Company. The Strategic Process has been running for several months on a timetable agreed with the Company's financiers.

The proposals that the Company has received remain confidential, indicative and non-binding, and the Company is working with a select number of parties to finalise binding proposals that are capable of acceptance by the Company and its financiers.

If the Strategic Process is successfully concluded, it is expected that the Company's financiers would agree to sell their debt to the successful party. As a condition to any purchase of the debt, it is expected that there would be an agreement between the successful party and the Company to reduce the amount of the debt by way of compromise, with the revised debt to be on new terms agreed with the Company. The recapitalisation would also be conditional upon an underwritten equity component, most likely a rights issue, the terms of which remain under negotiation. In combination these steps are intended to provide a sustainable capital structure for the Company. There remains no certainty that the Strategic Process will yield an outcome.

As further negotiation is required in relation to each of the proposals, the effect of the proposals on McAleese Group's shareholders remains uncertain, however, the enterprise valuations attributed to the Company by each proposal are materially below that implied by its current market capitalisation

As announced to ASX on 28 January 2016, the Company received from its financiers a waiver of the breach of certain financial undertakings under its SFA at 31 December 2015 (the **Waiver**). The Waiver continues subject to the continuation of the Strategic Process and the Company meeting reporting obligations to its financiers and each financier being satisfied with those reports. The Company's financiers have been provided information regarding the structure and terms of the various proposals received by the Company and remain supportive of the Strategic Process.

Continuation of voluntary suspension

A voluntary suspension was sought while the Company advanced discussions with its financiers in relation to a number of alternative recapitalisation proposals under the Strategic Process.

As noted above, the Company is actively progressing discussions with multiple parties with a view to finalising a recapitalisation proposal. As discussions and negotiations remain ongoing, the Company

advises that its voluntary suspension is expected to remain in place for an additional period of up to two weeks while this matter is progressed.

ENDS

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