The McAleese Group of Companies ("MCS")

(Comprising the companies listed in Schedule A attached)

Version Two- updated as at 7th September 2016

The Corporations Act 2001 and professional standards require the Practitioners appointed to an insolvent entity to make a declaration as to:

A. their independence generally;

B. relationships, including

(i) the circumstances of the appointment;

(ii) any relationships with the company and others within the previous 24 months;

(iii) any prior professional services for the company within the previous 24 months;

(iv) that there are no other relationships to declare; and

C. any indemnities given or up-front payments made to the Practitioner.

This declaration is made in respect of ourselves, our partners and the firm McGrathNicol.

B. Independence

We, Jason Preston, Joseph David Hayes, Keith Alexander Crawford and William James Harris of the firm McGrathNicol ("the Administrators") have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of MCS in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

C. Declaration of Relationships

(i) ***Circumstances of appointment***

On 26 July 2016, Remagen Nominees Pty Ltd ("Remagen"), a member of MCS's lending consortium ("SC Lowy Consortium" also defined in section (ii) below) contacted McGrathNicol and made enquiries regarding the firm's ability to act as an External Administrator should directors of MCS determine that an appointment be necessary.

This referral does not present any conflict of interest or duty as there has been no prior work undertaken by McGrathNicol for Remagen and the referral is unconditional.

Further discussions were held between the SC Lowy Consortium and McGrathNicol (represented by Jason Preston and senior McGrathNicol staff) for the purposes of McGrathNicol being briefed on the background of MCS and a potential Voluntary Administration appointment.

On Thursday 18 August 2016, the Administrators and staff from McGrathNicol met with representatives of MCS, including:

- Mark Rowsthorn (Managing Director and Chief Executive Officer of MCS);
- John Russell (Chief Financial Officer); and
- a select number of senior staff members of the various business units of MCS.

The purpose of that meeting was to receive information regarding the current financial position of MCS and its operations and to provide information about the voluntary administration process.

Several further meetings and discussions were held between McGrathNicol and MCS management from 19 August 2016 to the date of the appointment in order to plan for a potential voluntary administration which would be large, complex and across multiple locations in Australia.

On 24 August 2016, Keith Crawford and William Harris of McGrathNicol met with the Board of MCS to field queries regarding the potential voluntary administration and how an appointment would impact MCS.

No remuneration was received for participating in the above discussions and meetings.

In our opinion, these communications do not affect our independence as:

- they were of limited scope with a clear information gathering focus and would not be subject to review and challenge during the course of the administration;
- given our limited objectives (to understand the MCS's current financial position and offer information on insolvency processes) these communications would not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner; and
- it is recognised by the Australian Restructuring, Insolvency and Turnaround Association's ("ARITA") Code of Professional Practice that pre-appointment discussions regarding insolvency options and obtaining background information are necessary and do not amount to an impediment to accepting an appointment.

We have provided no other information or advice to MCS or the MCS Directors beyond that outlined in this Declaration of Independence, Relevant Relationships and Independence ("DIRRI").

(ii) ***Relevant Relationships (excluding professional services to the Insolvent)***

We, or a member of our firm, have or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
The Current Secured Lenders, or SC Lowy Consortium comprising SC Lowy Primary Investments Limited ("SC Lowy"), Remagen and funds associated with BlackRock Financial Management Inc., (together, the "SC Lowy Consortium" or the "Current Secured" Lenders"),	The SC Lowy Consortium holds a charge over the whole or substantially the whole of the property of MCS. McGrathNicol has undertaken one corporate advisory engagement involving SC Lowy (in its capacity as a member of a banking syndicate). McGrathNicol has not undertaken any engagements on behalf of the other members of the SC Lowy Consortium.	We believe this relationship does not result in a conflict of interest or duty because: ▪ Each professional engagement undertaken for syndicates involving SC Lowy is conducted on an entirely separate basis which has no bearing on this appointment. ▪ These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders. ▪ McGrathNicol has only undertaken one professional engagement involving SC Lowy. This work was performed for a syndicate of lenders of which SC Lowy comprised less than 0.07% of the total secured debt. We have had no direct interaction with SC Lowy in relation to this matter for a number of years. ▪ McGrathNicol has not undertaken an engagement for SC Lowy in respect of MCS. Given these factors, our independence in acting as Voluntary Administrators of MCS has not been compromised.

(iii) ***Prior professional services to the Insolvent***

Neither we, nor our firm, have provided any professional services to MCS in the previous 24 months.

(iv) ***No other relevant relationships to disclose***

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with MCS, an associate of MCS, a former insolvency practitioner appointed to MCS or any person or entity that currently has security over the whole or substantially the whole of MCS's property and should be disclosed.

(v) ***Relationship with Former Secured Creditors***

Relationships with former secured creditors of companies do not fall within the classes of prescribed Relevant Relationships which are mandatory to disclose under statutory requirements and professional standards. However, in these circumstances, where the former secured creditors of MCS (detailed below) have only recently ceased to hold that position, we believe it is prudent to provide details of our relationship with them to ensure transparent disclosure.

Accordingly, we provide details below of our relationship with each of Australia and New Zealand Banking Group Ltd ("ANZ"), Westpac Banking Corporation, and HSBC Bank Australia Ltd, together the former secured creditors of MCS ("Former Secured Creditors") and details of the relevant professional services undertaken by McGrathNicol for them in relation to MCS, together with particulars of why this relationship does not present a threat to our independence.

The Former Secured Creditors held a charge over the whole or substantially the whole of the property of MCS until 19 July 2016. The Former Secured Creditors sold their loan and secured interest in MCS to SC Lowy Consortium on 19 July 2016 ("Loan Sale"). As part of the consideration of the Loan Sale, a deferred payment of $5,000,000 was agreed to be paid to the Former Secured Creditors, which remains outstanding from MCS. We did not solicit or effectuate the Loan Sale between the Former Secured Creditors and the SC Lowy Consortium, which was effectuated sometime after our involvement had ceased.

McGrathNicol Advisory was engaged as financial advisor on 22 April 2015 by ANZ (as agent for the Former Secured Creditors). We make the following comments in relation to this assignment:

- MCS appointed its own independent financial advisors around the same time and much of our work involved the review of materials provided to us by these advisors.
- Our assignment for the Former Secured Creditors was not constant from the time of first receiving instructions until the role ceased. Rather, it involved intermittent pieces of work during this period undertaken across several phases:
  - **Phase 1:** undertaking an initial review of the assets subject to the security held by the Former Secured Creditors, as well as the review of various versions of full scope Investigating Accountant's reports prepared by MCS's advisors (based on information provided by MCS management), with a particular focus on forecast cash flow;
  - **Phase 2:** monitoring the financial performance of MCS on behalf of the Former Secured Creditors, focusing on profitability, cashflow and MCS's asset disposal programs; and
  - **Phase 3:** updating our initial security analysis to assist the Former Secured Creditors to assess various debt acquisition offers made by the Current Secured Creditors.

Our work for the Former Secured Creditors involved limited contact with MCS senior management, being confined to obtaining financial information to assist with the tasks outlined above.

The work undertaken by McGrathNicol did not include reviewing the validity of the security held over the assets of MCS by the Former Secured Creditors.

Fees for our services were invoiced to and paid for by the Former Secured Creditors and as such we are not in the position of potentially having received any form of voidable transaction from MCS, including an unfair preference.

Our role as financial advisor to the Former Secured Creditors ended on or about 8 April 2016, following which the Former Secured Creditors sold their interests in the MCS syndicated banking facility to the Current Secured Creditors on 19 July 2016.

This relationship does not present a conflict of interest or duty because:

- the engagement was directly with the Former Secured Creditors on instructions from ANZ as agent;
- none of the work undertaken for the Former Secured Creditors would be subject to review in the Voluntary Administration of MCS, nor would it impede the Voluntary Administrators in discharging their statutory duties;
- MCS was at all relevant times represented by its own specialist accounting advisor. We provided no advice to MCS in the course of our engagement and received no payment from MCS ;
- the engagement involved little interaction with the directors or management of MCS; and
- an Investigating Accountant ("IA") engagement is recognised by the ARITA Code of Professional Practice as a relationship which does not preclude appointment as voluntary administrator. In this case our role was even more remote, substantially involving reviewing and commenting on the IA Reports of the advisor to MCS.

Given these factors, our independence in acting as Voluntary Administrators of MCS has not been affected by this previous assignment.

D. Indemnities and Up-front Payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Following our appointment, we entered into a funding arrangement with the Current Secured Creditors to enable the businesses operated by members of MCS to continue to trade. Orders were made in the Federal Court of Australia (NSW) on 30 August 2016 that pursuant to s 447D(1) of the Act, the Voluntary Administrators are justified in causing MCS to enter into the Funding Agreement.

E. Appointments to Members of a Corporate Group

As listed on Schedule A of this Declaration, the Administrators have been appointed as voluntary administrators to 20 entities within the MCS group of companies.

The Administrators are of the view that the appointment to the group of companies will have significant benefits to the conduct of the Voluntary Administrations, particularly in that this will provide for cost-savings and enable an accurate as possible view to be obtained of the activities and financial position of the companies as a whole. The Administrators are aware that there are inter-company transactions within the group but at this time are not aware of any potential conflicts of interest arising from the appointments over the various group members. However, to the extent it becomes apparent that pre-appointment dealings between companies in the group may give rise to a conflict which may impact the outcome for creditors of either company; the Administrators undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict.

Dated: this t 7th day of September 2016

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Jason Preston

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Joseph David Hayes

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Keith Alexander Crawford

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William James Harris

Note:

1 If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to the creditors/committee of creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors/committee of creditors.

2 Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.

Schedule A: McAleese Group of Companies – entities over which the Administrators are appointed

Company name	ACN
McAleese Limited	156 354 068
McAleese Holdco Pty Ltd	156 339 865
Cootes Transport Group Pty Limited	112 151 694
McAleese Finance Pty Ltd	156 099 204
McAleese Investments Pty Ltd	129 922 541
Harbrew Pty. Limited	010 601 788
WAFL SPV Pty Ltd	130 012 887
IES DGM Pty Ltd	112 151 809
Spotswood Lessee Pty Limited	112 151 729
McAleese Resources Pty Ltd	119 899 446
International Energy Services Holdings Pty Limited	112 063 779
McAleese Subco Pty Ltd	144 647 870
Jetstyle Express Pty Ltd	077 984 653
International Energy Services Pty Limited	112 063 877
Walter Wright Cranes Pty Ltd	135 952 162
W.A. Freightlines Pty Ltd	051 918 015
International Energy Services Group Pty Limited	112 499 573
National Crane Hire Pty Ltd	101 646 235
Jolly's Transport Services Pty Ltd	097 891 248
National Crane Service & Repairs Pty Ltd	091 998 560